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MACKENZIE VALLEY PIPELINE INQUIRY



IN THE MATTER OF APPLICATIONS BY EACH OF

(a) CANADIAN ARCTIC GAS PIPELINE LIMITED FOR A RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS CROWN LANDS WITHIN THE YUKON TERRITORY AND THE NORTHWEST TERRITORIES, and

(b) FOOTHILLS PIPE LINES LTD. FOR A RIGHT-OF-WAY
THAT MIGHT BE GRANTED ACROSS CROWN LANDS
WITHIN THE NORTHWEST TERRITORIES
FOR THE PURPOSE OF A PROPOSED MACKENZIE VALLEY PIPELINE

and

IN THE MATTER OF THE SOCIAL, ENVIRONMENTAL AND ECONOMIC IMPACT REGIONALLY OF THE CONSTRUCTION, OPERATION AND SUBSEQUENT ABANDONMENT OF THE ABOVE PROPOSED PIPELINE

(Before the Honourable Mr. Justice Berger, Commissioner)

Yellowknife, N.W.T. September 21, 1976.

PROCEEDINGS AT INQUIRY

Volume 188

CANADIAN ARCTIC GAS STUDY I.TO. SEP 23 1976 LIBRARY



Covermond

1 APPEARANCES: Mr. Ian G. Scott, Q.C., Mr. Stephen T. Goudge, Mr. Alick Ryder, and Mr. Ian Roland, for Mackenzie Valley Pipeline Inquiry; 4 Mr. Pierre Genest, Q.C., Mr. Jack Marshall, Mr. Darryl Carter, and Mr. J.T. Steeves, for Canadian Arctic Gas Pipeline Limited: Mr. Reginald Gibbs, Q.C., Mr. Alan Hollingworth, and Mr. John W. Lutes, for Foothills Pipe Lines Ltd.; Mr. Russell Anthony, Prof. Alastair Lucas and Mr. Garth Evans, for Canadian Arctic Resources Committee; Mr. Glen W. Bell and Mr. Gerry Sutton, for Northwest Territories Indian Brotherhood, and Metis Association of the 14 Northwest Territories: 15 Mr. John Bayly and Miss Lesley Lane, for Inuit Tapirisat of Canada, and The Committee for Original Peoples Entitle-17 ment: Mr. Ron Veale and Mr. Allen Lueck, for The Council for the Yukon Indians; 2.0 Mr. Carson Templeton, for Environment Protection Board: 21 Mr. David H. Searle, Q.C. 22 for Northwest Territories Chamber of Commerce;

Mr. Murray Sigler and for The Association of Munici-

Mrs. Joanne MacQuarrie, for Mental Health Association

Mr. John Ballem, Q.C., for Producer Companies (Imperial,

palities;

Shell & Gulf);

CANADIAN ARCTIC GAS STUDY LTD.

Mr. David Reesor,

SEP 28 1976

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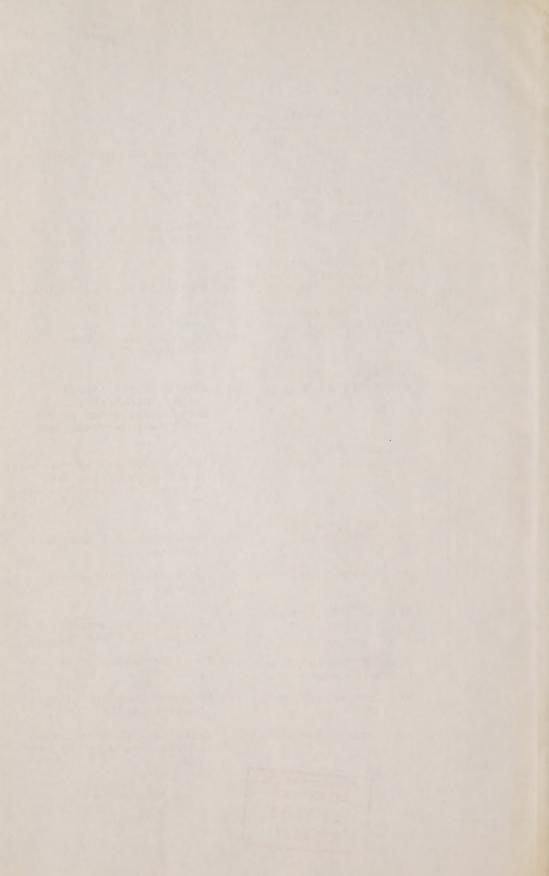
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Yellowknife, N.W.T.

September 21, 1976.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. SCOTT: Mr. Commissioner,

I think we're ready to begin. The first presentation this morning will be made by the Legislative Assembly of the Northwest Territories and will be presented by the Honourable David Searle, the Speaker of the Assembly.

Mr. Searle, would you like

to come?

DAVID SEARLE, sworn:

DIRECT EXAMINATION BY MR. SCOTT:

I of course appear here today simply as the spokesman for the Legislative Assembly of the Northwest Territories. In that role I've simply been delegated the task of giving the paper that has been prepared and I believe filed here. What I would propose to do, sir, is read the two or three pages that begin and make a reference to the appendices, and I would not propose to read the appendices.

If I may just by way of introduction, however, indicate how the paper was developed, because I think that's important. The

staff of our Clerk's Office was asked by the members in caucus to examine the past debates of the council, essentially the years running from '66, '67 when -- August of '66 when Carrothers reported, and

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to see what the council had said in the ten years from that date which might bear on your deliberations.

That examination produced motions which were moved publicly, debated publicly, and passed publicly, which have simply then been put together in the form of this paper, and those motions are shown in the appendix and they indicate the number and the session. They also indicate the month and the year when they were publicly passed.

The first three pages therefore are simply a pulling together and a statement in principal form of the principles indicated in the appendices.

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Appendix "A", however, is a paper and a review of the historical background of the Legislature since Confederation, and is simply a statement of the legal position of the council, and a historical treatment of that. I propose to make no reference at all to that document but to simply say that it's there, it's in our view an excellent statement of the development so far of the council, and it's there for only that purpose.

With those few introductory remarks, sir, I think I would just then begin by reading the first three pages.

The history of the introduction and development of government in Canada indicates an evolution from appointed councils to representative legislative bodies, to responsible government. Another basis of this evolution long accepted is that powers



once granted are not subsequently revoked or restricted but are rather expanded in the next phase to reach the full development now established at the federal and provincial levels.

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The Northwest Territories
has passed through all these phases except the last,
i.e. responsible government, and that's the subject
of the paper Appendix "A" . Nevertheless, it is
clear that the Northwest Territories Legislative
Assembly is the only body truly representative of all
the people of the Northwest Territories. There is
no other effective voice which can speak for all
Territorial residents.

In the light of these facts, the possibility of building the Mackenzie Valley Pipeline is of obvious concern to us. Its very proposal has already had a most disruptive effect on the economy of our area. If a decision is reached not to proceed, it would have serious consequences. Equally, if a decision is reached to proceed, the pipeline will have a massive effect on the economy, on the economic, social and political fabric of the Territories. Clearly the decision is of vital concern to the people we represent. It will affect various matters over which we now have legislative jurisdiction, as well as various matters over which our Legislative Assembly will have jurisdiction when the evolution of our development to provincial status is completed. We recognize that even if our Territories were constituted today as a province, it is Parliament, by Sections 91



and 92 of the B.N.A. Act which would have legislative jurisdiction with respect to the proposed project since it has international as well as interprovincial aspects.

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Therefore, although we do not support any one applicant over another, or any one route over another or any one method over another, we urge you to consider resolutions we have adopted concerning the proposed Mackenzie Valley Pipeline.

- a resolution favoring construction provided that;
- a) there is optimum employment of northerners during planning, construction and operation.
- b) there is just and equitable compensation of any person or persons adversely affected by the construction.

I might say in an aside what we think of there is, for instance, if a trapping area, if a pipeline went through that then the person whose livelihood is affected should be justly and properly compensated.

c) That there is adequate provision for the protection of the environment with minimum disturbance to wildlife and persons living off the land.

The reference where those points were made is resolution—the second resolution of the forty-eighth session, passed the 23rd of January, 1973.

- 2. We have asked to be involved in the decision about whether to proceed or not. We have expressed ourselves in favor. That means in favor of proceeding. Again, that same resolution.
 - 3. If our desire to proceed



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to five to be realized quickly and justly, I have urged an early and equitable settlement by the Government of

is approved, we have asked to be involved in the decisions regarding terms and conditions upon which any pipeline will be built through the Northwest Territories. That's motion 17, passed at the fortyeighth session, January of 1973.

As well as the form of the authority to be established to carry out this project. Resolution 3 at the fifty-eighth session, January, 1976.

4. Regardless of what type of authority is established to administer the enterprise, we have asked for representation on this board, agency or authority. That's resolution 3, passed at the fifty-eighth session.

5. In order for us to be able to participate effectively and equitably in this major economic development of our territory, we have asked that further steps be taken to enable our government to evolve to the full status of a provincial government as regards proprietary rights, legislative jurisdiction and the responsibility of the executive to the assembly and there we have all of those resolutions -- they are indicated and because of the number of them, I won't go through them.

There's one which is included here, which is not indicated there and that's 16-46, which should appear after 9-46 and before 22-46.

6. In order for points one



D. Searle In Chief Cross-Exam by Noble

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Canada of the legitimate claims of the native residents of the Northwest Territories. That, of course, is resolution one passed at the forty-eighth session.

They're all attached, all of

those resolutions as appendix B. Mr. Commissioner,
I'm quite prepared to answer any questions that the
parties may have. I would just like to say, however,
that I'm here speaking on behalf of the Council, not
here to express my own views personally and as you
can appreciate, I may have some difficulty in trying
to express member's views in that obviously they vary
between member and member. But what we have here is
a document which was approved by them. Essentially
what is says has to be taken for its plain meaning,
though maybe I can, by examples, assist some way in the
understanding.

MR. SCOTT: Mr. Sigler, have

you any questions?

MR. SIGLER: No, sir.

MR. SCOTT: Mrs. MacQuarrie?

MRS. MACQUARRIE: No questions.

MR. SCOTT: Miss Noble?

CROSS-EXAMINATION BY MISS NOBLE:

MISS NOBLE: Just two short questions. On page two, you indicate that the Council has passed a resolution favoring construction provided that and then you list three conditions. I was wondering if the Council has gone into any more detail in sort of defining what is meant by terms like optimum



D. Searle Cross-Exam by Noble

employment, just and equitable compensation and adequate provision for the protection of the environment.

WITNESS SEARLE: No, they

haven't. I think if you read, however, motion number three at the fifty-eighth session dealing with the establishment of the Mackenzie Valley authority, that the request there to be included on that board and preferably to have it set up through territorial legislation would give the legislature the opportunity to determine what the terms and conditions would be.

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D. Searle Cross-Exam by Noble Cross-Exam by Steeves

Q I was wondering if,

other than these three concerns you have mentioned, if there are any others that have been expressed by counsel, certainly that's been expressed in some of the community hearings — things like wage inflation, supply shortages, housing costs and so on and so on.

A Well, I just have to answer that from memory. I can't think of discussions on those specific areas.

Q And on page 3 you mention that the council has urged an early and equitable settlement of the legitimate claims of the native residents. I was wondering, are there any conditions on this recommendation in terms of pipeline construction and approval, such as there should be a justand equitable settlement before the approval to go ahead on the pipeline.

A That motion certainly does not say that.

MISS NOBLE: No further

questions.

MR. SCOTT: Mr. MacLachlan?

MR. MACLACHLAN: No questions.

MR. SCOTT: Mr. Steeves?

27 CROSS-EXAMINATION BY MR. STEEVES:

Q Mr. Searle, can I direct your attention to your motion 148 dated January 1973?

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D. Searle Cross-Exam by Steeves

- A Yes, I have it here.
- Q That's the motion of

council in respect of settlement -- or claims settlement. Is that correct?

A Right.

Q I notice that that

motion which -- and if I may, I'd like to read it -"Whereas the Government of Canada's treaty
obligations in the Northwest Territories
remain unfulfilled, and

Whereas native title or claim to traditional

Inuit land and marine water has not been
extinguished or infringed on either by treaty,"

I suppose that should be

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"infringed either by treaty or other settlement,
And whereas there is a rising expectation among
native people in the Northwest Territories
regarding a claims settlement,
Now therefore I move that the Commissioner
convey to the Prime Minister the council's
desire to see an early and equitable settlement
by the Government of Canada of the moral and
legitimate claims of native residents of the
Northwest Territories, and indicate to the
Prime Minister this council's willingness to
participate to this end."

First of all, has the offer expressed in that motion by the council to participate in the negotiations of the kind referred to in the motion ever been taken up?



D. Searle Cross-Exam by Steeves

- A No.
- Q Has it been rejected?
- A No, not to my knowledge.
- Q Has it ever been a

matter of discussion between council and the Government of Canada?

A I would think not.

That's been expressed in this form and communicated as the motions are to the Minister; but I think it will be the subject of discussion shortly. In other words, I have knowledge of what our plans are in the near future to discuss matters, and I think that that will be the subject of discussion soon, with specific reference to the Nunavut proposal.

Q All right, now that brings me to my next question. That motion refers in its recital specifically to Inuit land and marine water, and I see no reference in here to the Dene Declaration or claim by the Dene. Is it intended to deal with the Dene Declaration? What is the position of council on the Dene claim?

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A The council doesn't have an enunciated position on the Dene claim because to my knowledge it hasn't yet been advanced. I don't think the Dene Declaration was meant to indicate a claim. It seems to me that at most that might be regarded as a statement of certain principles, but surely their claim is the next step and when it comes we will examine it, as legislatures, on behalf of all of the people and presumably take a position as we



	Closs- Exam by bleeves	
1	clearly propose to do with respect to Nunavut.	
٠, نـ	Q Well, the position of	
3 1	council then in January of 1973 was that the claim	
4	Of the Dene was not understood or known because it	
5 ;	hadn't been advanced, therefore the Dene are not	
6	referred to in this motion. Is that a fair statement?	
7 :	A I don't know, I wouldn't	
3 1	say that. I think that motion in the third "Whereas"	
9	clause refers to the expectation among native people.	
0	I should think that's native people generally.	
1	Q I see.	
12	A And certainly the	
. 3	"Resolved " part refers to the settlement of legitimate	
4	claims of native residents of the Northwest Territories.	
L 5	I think you can fairly read that as a request for the	
L6	speedy and just settlement of the claims of the Dene,	
L7	of the Inuit, and the Metis.	
18	Q Were you Speaker of the	
19	House when this motion was passed?	
20	A No.	
21	Q Were you a member of the	
22	House?	
23	A Yes.	
24	Q Do you remember the	
2.5	debate?	
2.5	A Yes, I think I do. There	
27	was no Speaker of the House then. It was the Commissioner	
29	Q All right. Well, you	

recall the debate in the course of consideration by the house of this motion. Did anybody say why we are

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D. Searle Cross-Exam by Steeves

restricting it to the Inuit claim?

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A Well, the answer I've given you, Mr. Steeves, is that it isn't restricted to the Inuit claim.

THE COMMISSIONER: Well, it begins with a reference to treaty obligations which must, of course, refer to Indians, and though it doesn't --

MR. STEEVES: I was going to get to that.

A Well, can I answer your question? I thought I clearly said that in my view that motion is not restricted to Inuit claims.

Q Now, it refers in the body of it to moral and legitimate claims. I'm not sure I understand exactly what's meant by that.

Would you explain, please?

 $\label{eq:A.1.2} \textbf{A} \qquad \textbf{Oh, I see. Well, surely} \;\; \textbf{I think you must.}$

Q No, I deny that.

A The native organizations make reference to legitimate claims on the one hand, and the Government of Canada is playing the role of saying, "Well, we're not necessarily going to admit there are any legitimate claims, but we feel morally bound to do what's right and fair." In other words, "Let's negotiate first and stay out of the Courts, if at all possible."

We don't care whether they're legitimate in the legal sence or whether they're



D. Searle C ross-Exam by Steeves

just moral, but what we're saying is whatever they are, whether they're legitimate or moral, that they should be speedily and fairly settled.

MR. STEEVES: O.K.

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D. Searle Cross-Exam by Steeves

1 !	Q Somewhere in the paper
2	of the Council, there is a position taken and I'm
3 !	sorry I can't turn it up; on development of parallel
4	governments in the Northwest Territories. Do you
5 }	recall that? Maybe I should turn it up, if I can.
i is "	Do you recall a passage like that in the material?
7 ;	A It might be in the
8	historical treatment but I don't certainly recall it.
9	Q I think it's on page
0	forty-four, in the middle of the page. Can you find
]	that? Beginning, "The first of these" You're
2	referring here to the opinion of Council on matters
3	such as native land claims, pipeline development
4	and political development and the Council referred
5	to three imminent threats to its future development
c !	as a legislature.

A Yes.

THE COMMISSIONER: Bearing in mind, this is Mr. Jordan's historical discussion of these questions. His paper wasn't adopted by the Council, was it, Mr. Searle?

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A It was simply directed that it be appended as a historical discussion. I think we felt that it was a fair presentation of the historical treatment.

MR. STEEVES: I'm sorry. Can
I just carry that further, so I understand the
position. This is offered as a discussion paper by
Council but this doesn't represent the views of the
Council of the Northwest Territories. Do I understand



- 1	it correctly?
2	A Umm-hmm.
3 4	Q Doesn't necessarily
4	as the lawyers would say?
5 .	A No, but it is properly
6 1	authorized to be part of this paper as a historical
7	treatment. I don't think you can refer to a specific
3	paragraph in it and say that who, for instance, of the
) l	members would support that particular paragraph.
17	Q Well, this part speaks
:1	to the future. Is Council speaking in this part of
125	that report? Has Council adopted that statement?
13 3	A That's very difficult
14	to answer.
15	Ω You mean you don't
16	know?
17	A No, I don't.
13	Ω Okay.
19	A They've authorized the
20	paper to be appendage. You can draw your own con-
21	clusions.
22	Ω Okay. I will.
23	
24 (
25	MR. STEEVES: That's very
26	kind of you. That's all I have. Thank you.
27	MR. SCOTT: Does that exchang
28.	conclude your examination?
25	MR. STEEVES: Well, it will

until I hear yours.



D. Searle Cross-Exam by Steeves Re-Exam ination

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MR. SCOTT: All right.

RE-EXAMINATION BY MR. SCOTT:

Q Mr. Searle, just one or two questions of fact because I understand from what you said earlier that you can't express the opinions of the Council except as they are found in these resolutions.

A Yes.

Q Would it be correct to say that these resolutions represent only the expression of opinion of the Council that passed them?

A Well, they certainly do that. They certainly express the opinions of the Council that passed them.

Q We couldn't conclude, therefore, and tell me if I'm wrong, we couldn't conclude that a resolution passed in 1973 necessarily represented the considered judgment of the councillors in office in 1976?

isn't the premise on which we've operated. We take the view that if there's anything expressed, for instance, in these resolutions that this Council disagrees with, there's a simple way of indicating a contrary view and that's to propose a motion at any of the future sessions to change it, but until that's done, and certainly this Council in caucus, thirteen out of fifteen members, saw each one of these motions and there was specific authorization to present them in this form with specific reference to them as this being



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the views that Council has expressed over the last ten years.

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Q Well, I can understand the document if it be a historical compendium of the views that Council has expressed from time to time over the last ten years or so but was it ever intended that these resolutions, a number of which are four or five years old, should be taken as representing the current considered views of the present Council?

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A I would say no.

Q All right.

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A I would say no.

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Q Can I come to the first

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of the resolutions in your appendix B, motion 2-48 of January, 1973.

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A Just before you go on,

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can I explain why I say that because I think an explanation is important. What I think I'm trying

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to say is that if you put say in October, next month,

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these very same resolutions, move them, second them,

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I'm saying that they wouldn't necessarily all be

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passed. I'm not saying, however, that they'd be

defeated either but I guess I am saying that my crystal

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ball-Q I don't want to ask

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you about your crystal ball.

question in the affirmative.

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A My crystal ball just

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doesn't work well enough to say--to answer your

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Q So, while they might not



all be passed today, they might not all be defeated today?

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A Exactly.

Q But what they can be represented as is the history of the Council's response to the various problems that they describe.

A Yes, and I think you can say that they haven't been reversed either by a contrary motion.

Q Well, let's take the first just so I see where we stand and let me turn to the third recital in it. It says,

"And whereas the present state of northern technology illustrated by the construction of the Mackenzie Valley settlements, the Canol Pipeline and road, the Dempster Highway, the CNT Land line and the research done by the Mackenzie Valley Pipeline Research Group, the Northwest Study Group, the Gas Arctic Systems Group and various other governmental and private industry research consultants indicate that pipelines can be built through the Mackenzie Valley with tolerable, environmental disturbance."

Now, if I can stop you there,
I take it that that was the conclusion of Council
expressed in January, 1973?



No, I don't think that's so. That was the author of that motion's own personal view. You have to appreciate that motions are 4 drafted by members, individuals who take a particular 5 view of a particular issue. They themselves draft these motions. They're not done necessarily by a 7 legal person. They express as best they can their views in the "Whereas" clauses. As you can imagine, 9 there's a tremendous amount of debate in any particular motion on the "Whereas" clauses. Sometimes there's 11 amendments; sometimes there isn't. But what 12 essentially reflects the view of council is the 13 "Resolved" part, in other words everything after, 14 "Now therefore I move", in other words members would 15 likely support the "Resolved" if it clearly states

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Q So that we shouldn't conclude, therefore, that the "Whereases" necessarily represent the view of the council passing the resolution?

their view, whereas they may well indeed argue with

any one or more of the "Whereas" clauses.

A That's right. The attention of members, though directed often to the "Whereas" clauses, is primarily directed to the "Resolved".

Q Yes. Well now, I take it that in January of 1973 apart from the material referred to in that particular "Whereas", there was no study or report available to the council apart of from the material that's cited/which you have knowledge



that led to a conclusion about the amount of environmental disturbance.

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Was no such report, though we certainly had in existence then a Committee of Council on Ecology and Development, but to the extent to which they looked into this, I can't say; but if my memory is correct, that motion 2-48 was moved by the chairman of that Committee on Ecology and Development . I think that's Mr. Butter's motion, though again the motion once accepted reflects the views of the council, the actual identity of the author has been removed. But I think it's likely one of Mr. Butter's motions. He was the chairman of the Standing Committee on Ecology and Development which did do a fair amount of work in the areas in question.

But as to holding formal hearings such as you have here, no, they didn't go to those lengths.

Q Well, since that resolution in 1973, has there been any reports or studies either commissioned or made available to the council that deal with the extent to which environmental disturbance will be tolerable or intolerable?

A Well, Mr. Scott, as you can imagine, members are deluged with any number of reports. For instance, I have received from the participants here, I think virtually every report and document that's been made available to you people. My problem is I don't have a place to store



	V6_PYGIMIGGTOH
1	it.
r.	Q Well
3 :	A And we are constantly
4	the guests of various parties with slide and other
5	presentations on these areas. So there is indeed a
6	vast store-house of material that is available to
7.	members. Now, whether they read all the reports,
3 :	whether they believe all the slide displays, you'd
43	have to ask each individual member. I am very gullible
10	I generally accept it as the truth.
11	Q I know that. Well
10%	now, what I'm really getting at is something differen
13 ,	Mr. Searle. Since 1973 has the council either by
14	resolution or as the result of any paper or study
15	approved by it taken any position on whether environ-
16	mental disturbances that may be occasioned by a pipe-
17	line are tolerable or intolerable?
18	A Well naturally I haven'
19	personally examined the record since '73 with that
20	very question in mind.
21	Q Are you aware of any
22	at the moment?
23	A Not to my recollection.
24,	Q Yes. Would you let us
25	know if any subsequently comes to your recollection?
26	A Certainly would.
27	Q Thank you.
28	A I'd be very pleased to.
25	Q Now just one other
	Q Now just one other

question of fact dealing with this resolution.



7	In the next "Whereas" would it be fair to conclude
2	that the guidelines referred to are the governm ent
3 "	pipeline guidelines or amended guidelines issued
4	by the Minister?
5	A I think that's so, yes.
6	Q Yes, and I take it
7	that at that date in 1973 you weren't aware of any
3 1	guidelines other than those which would have been the
a i	foundation for that particular "Whereas".
10	A Well, I'm personally
11	having some difficulty because you have to realize,
12	Mr. Scott, that this isn't my motion.
10	Q No, I know.
14	A So I'm not exactly
15	sure what guidelines the author of the motion had
16	in mind. My guess would be that it was those govern-
17	ment guidelines, but you know, essentially it's what
15	the author of the motion had in mind.
19	Q Now can I ask you to
20	turn briefly to motion 3-58 passed in January of
21	1976? It refers generally to it's on a slightly
22	different subject.
23	THE COMMISSIONER: Oh, this
24	is on the authority?
25	MR. SCOTT: It deals with the
26	possibility or the author of the "Whereas" terms
27	it the probability that a Mackenzie Valley Pipeline
28	Authority would be created, and I direct you to

paragraph 3 in the speaking part of the resolution:

"Any delegation of powers as referred to

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above should be (a) for a period not exceeding four years, and (b) in respect to an area of land not exceeding five kilometers on either side of the centre line of the pipeline right-of-way."

Mr. Searle, are you aware whether there was

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Now, Mr. Searle, are you aware whether there was any study or report being reviewed by council at that time that attempted to justify, rationalize, or explain either that restriction or any like restriction?

A NQ, I know of no study. Again, the author may have, and I think the author is probably here. When you used the word "kilometers" I think I know only one member who would use that word.

Q Well, speaking from do your recollection of the debate,/you recall any reference to such report or study that selected either these parameters or some other parameters?

A No, I don't.

Q Thank you. Now, if I

could ask you to turn to motion 16-46 of January, 1972, this refers to the Carrothers Commission recommendation and the general desirability of the Government of the Northwest Territories assuming responsibility presently in the hands of others, and in the speaking part of the resolution it is moved:

"(a) that the Commissioner of the Northwest Territories prepare a program which will set out in detail the means by which the remaining



provincial type responsibilities not presently administered by the Government of the Northwest Territories to be transferred most expeditiously to the administration of the Government of the Northwest Territories."

Now can I ask you first if to your recollection that program was ever prepared?

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1	A By the Commissioner.
2 ·	Q By the Commissioner or
3 .	under his direction?
4	A I can't recall whether
5 ;	the Commissioners ever did. I think likely not.
6	Certainly another special we're great for special
7	committees in Council but certainly Council set up a
3	committee of which I was chairman, provincial-type
9	responsibilities committee which produced a document
10	that set out the remaining provincial type areas that
11	were being done by Federal departments. We set out
12	the people that were involved here in the North. We
13	sent out the money that they were spending and we
14	set out a timetable oftransfer those responsibilities
15	to the Territorial Government and their assumption by
16	the Commissioner and I should think that that's about
17	all the work that was done on it.
13	As you can appreciate, the
19	Commissioner has difficulty in doing that sort of
2)	thing because he after all is responsible to the
21	Minister.
22	Q The committee to which
23	you refer, Mr. Searle, was I take it set up under
24	motion 5-47 of June of 1972?
25	A That's correct.
26	Q Well, what I'm really
27	asking is I guess this; did your committee, in its
23	report in which you identified and examined the areas
29	of provincial-type responsibilities remaining in the
30	hands of others, did you ever devise a plan in the word



of the earlier resolution whereby they could be transferred most expeditiously to the administration of the Government of the Northwest Territories. A Yes, I think we did. 4 That's my opinion, of course. Is that committee report 6 a public document? A Yes. It was tabled at 8 the Inuvik session, I think in the life of the last Council. That hasn't been done in the life of this present Council. We're talking now about what was 11 done in the Council that was prior to the current 12 one. Could I ask you to make 11 a copy of that committee report available to me? Certainly. 16 And do I understand then 17 that apart from that committee report, there is no 18 other committee report of which you are aware and no 19 program established by the Commissioner which deals 27 with the manner in which these remaining provincial-27 type responsibilities can be transferred to the 22 Government of the Northwest Territories? A Yes, you're quite 24 correct in saying that but this again, to put the 25 1 thing in proper context, is subject to--in fact, firstly this is a very sensitive area, as you can imagine, with every minister, as to what things he and other Federal ministers should transfer. For instance, 29

health, justice, as well as all of the things that the



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Department of Indian Affairs itself are doing. These are all provincial-type areas.

Now, what in fact has
happened is that every minister meets with the members
of the Council, Council as a whole, luncheon meetings,
supper meetings. They're all working meetings that
last one to two hours and virtually every session of
the Council. Agendas are prepared and always on the
agenda is that very subject, of what further, what
additional things might be transferred by the
Minister, the then current Minister from his
Department and other Federal Departments to the
Commissioner; so that the funds for these things will
come through the Territorial budget, so that we'll
have an input, at least a negative input, the right
to say no.

So, these are constantly the subject of discussion, directly between the minister and the Council. So, I wouldn't want you to think that because we maybe don't have a lot of public documents to show for it, that there hasn't been at the very highest level a constant dialogue with each and every minister on this most important issue but because of the sensitivity of it, and the fact that we're asking each of these people to give away great chunks of their responsibility or at least the Department to give them away and transfer them, these discussions have been carried on with the minister on more of a private basis, but no necessity for secrecy per se.



) ļ	Q But the factual question
2	which I advanced to you, whether there was any program
3 4	established by theif you want any program known to
4	the public established by the Commissioner or the
5	Council, the answer to that is no.
6	A No, and the reason is
7	because we just haven't been able to persuade any of
3	the ministers to transfer these additional
(1)	responsibilities. We've been up against a stone wall.
10	The Commissioner can't come forward with a program
11	that his minister doesn't authorize.
12	Ω Well, now in the motion
13	which appointed your committee, motion 5-47, the last
14	paragraph five authorized the committee, if it saw
15	fit, to hold public hearings, as well as the sittings
16	of the committee throughout the Territories and
17:	elsewhere in Canada as the committee deems advisable.
18	May I ask, first of all,
19	whether it was necessary to hold public hearings,
20	apart from the hearings of the committee or the
21	sittings of the committee itself?
	A No, we didn't hold
23	public hearings.
24.	Q So, the conclusions of
25	the committee were its own best judgment in its
26	legislative capacity, giving rise to the conclusions?
27	A Well, the committee, you
28:	have to appreciate, had other problems. It was a
29	committee of politicians firstly who had one dreadful
30	time, as I recall it, agreeing on anything and I



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remember very well that committee. I'd had a couple of obstreperousmembers who I had great difficulty with. It's a surprise we produced anything.

 $$\mathbb{Q}$$ I think those are all the questions I have. Thank you very much, Mr. Searle.

THE COMMISSIONER: Mr. Searle, the resolution that was passed in January, 1976, motion 3-58, about a Mackenzie Valley Pipeline Authority. It says that the Council wants a member of the Council appointed to the authority and that no delegation of powers or responsibility from the Territorial Government to the authority be made except by an ordinance of the Council and goes on.

Did the Council take any position on the wisdom of establishing such an authority? You may know that Arctic Gas has urged this Inquiry to recommend such an authority because they want to deal with one governmental authority if the pipeline proposal receives the approval of the government. The people from Alaska have been over here and have discussed a way in which the Alaska Pipeline office, which is more or less a centralized authority established under federal legislation that regulates the pipeline, but this authority--I noticed recently in the paper that a task force, a inter-departmental task force of the Federal Government has prepared for the Federal Cabinet a recommendation that the Federal Government establish such an authority.



Now, all I'm curious about is whether the Territorial Council has considered or intends to consider whether this is a good idea? You seem to assume it's going to happen and deal with it on that footing, but--

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A Again, Mr. Commissioner,

I have difficulty in necessarily interpreting what might have been behind the mover of this motion's thoughts. But I think you're correct in suggesting that one possible interpretation would be that he assumed that such an authority would be set up and likely agreed with the logic behind that.

Again, you know, I'm guessing, but I think what's important is to read that motion as well with the couple of comments that we made in the introductory, starting at the bottom of page 1 where we stated that,

"At the same time we recognize that even if our Territory were constituted as a province, it is Parliament by Sections 91 and 92 of the B.N.A. Act which would have legislative jurisdiction with respect to the proposed projects, since it has international as well as interprovincial aspects."

However, notwithstanding that appreciation, our motion 3-58 does say that firstly we would prefer the authority to be set up by ordinance. I think obviously as well appreciating that because of the international and interprovincial aspects, it may well be set up by Parliament and not by ordinance; but what we're saying, I think, is that if we are to have as representatives of the people and if the people are to have a maximum possibility for input into the authority and what it's doing, then ideally it should be set up by ordinance because of the



1]	tremendous flexibility in changing the legislation
ż	speedily and reacting to the changing terms and
3 1	conditions.
<i>L</i> , ;	Q As opposed to Act of
J	Parliament?
6	A Yes. We know the
7	difficulty getting something through Parliament. We
s :	don't have that problem at all. Things can be
9.	brought on very quickly. We don't sit for that length
] '	of time and readily hold special sittings.
11	Q Well, I make this
13 '	comment on your on the discussion M r. Scott had
13 ;	with you a few minutes ago. It seems to me that the
14,	critical paragraph in this brief as regards the
15	standing of these resolutions of previous councils
l. C	is on page 2 where the council in its brief says:
17	"We urge you to consider resolutions we have
18	adopted concerning the proposed Mackenzie
19 [Valley Pipeline,"
20	then those six categories of resolutions are dealt
21	with. I'm bound to say that I'm inclined to think
22	that that should be taken as the present council
23	submitting all of these resolutions as their own.
0.4	Subject to what you might say, I'd be inclined to
25	proceed on that footing.
26	A Well, the present
27 !	council, 13 out of 15 members approved the brief.
25	Q Sure.
29	A But what I guess I was

saying in answer to Mr. Scott was once having said



that, you still can't preclude the political possibility that if any one of these motions were moved in October, depending on who happened to be in the room at the moment and how persuasive someone else might be, the result might turn out to be different. So I hope by saying that I'm not suggesting that this isn't the position, but I am suggesting that it certainly could change if any one of these motions were submitted next month.

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Q Well, there might be some technological innovation next month. Someone might discover a substitute for oil and gas that was cheap and inexpensive and readily available, you know. Events can always overtake us.

MR. SCOTT: Mr. Commissioner, can I follow up that, because I'm not sure that I understand now.

 ${\tt Q}$ If you look, Mr. Searle, at the motion 2-48,

"Formally recommends and supports the construction of a pipeline in the Mackenzie Valley with a number of safeguards and conditions."

Do I take it that you're telling us that in answer to the Commissioner's question that that represents the view of 13 out of 15 members of the council, or do I understand, as I understood earlier, that the 13 out of 15 members of the council agreed that this historical analysis of the resolutions of councils could be presented?

A They agreed that the



1.	historical analysis could be presented and I should
ż	think you see, my problem is I don't recall the
5 .	discussion on that fine point as to whether I
4	don't recall any discussion in caucus that goes quite
5	as far as you were saying.
6	Q But before you complete
***	your answer, could I refer you to the statement which
3	you made at the beginning, which I take it was
4	approved and specifically approved by 13 out of 15
٠,	members of the council. Have I got that right?
1	A Yes.
	Q And in paragraph No. 2,
. 3	you open by saying:
. *1	"We have asked to be involved in a decision
.5	about whether to proceed or not."
. C.	Do you see that?
7	A Yes.
3 .	Q And I take it that that
.9	leads to the conclusion that the or that I take it
20,	that explicit in those words is the determination of
1	the members of council that they have not decided as
.2 }	to whether the project should proceed or not at the
3 1	present time, and want to be consulted with respect
14	to that decision.
3.5	A I think that motion
2.5	clearly indicates the wish that it be proceeded with.
2 ~ .	Q That motion does.
. :	It formally recommends its approval subject to four

fairly large conditions.

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A That's right.



Q But the sentence in the paper clearly seems to contemplate a reservation on the part of members of the council that they may determine that it should not proceed.

A Well, I know, but you don't just stop at the period, Mr. Scott. The next sentence says we have already expressed ourself in favor, that means in favor of proceeding subject to the conditions set out in 1.

Q Well, is it then the position of council at the present time that they are in favor of proceeding with construction of the pipeline providing the conditions (a) through (d) complied with in motion -- set out in motion 2-48 are met?

A I would say "Yes."
MR. SCOTT:
All right. Those are

all the questions I have. Thank you very much, Mr. Searle.

THE COMMISSIONER: Well, the resolution that intrigued me most of all, coming as I do from British Columbia, where governments of that province have always sought a chunk of the Yukon and Northwest Territories, was your resolution passed in January, 1972 urging that the Northwest Territories acquire politically and administratively the geographically and demographically like areas contiguous to the 60th Parallel of the N.W.T. Nothing to do with the Inquiry, but I must say I found it very interesting,



A That, I think, was Dr. Louis Hamelin's motion, who .as a geographer, felt that the lines, provincial boundaries were drawn not necessarily with any proper regard for what areas indeed should be united. So I think that's the explanation of that one.

THE COMMISSIONER: Well, very interesting and a suitable repost to those ambitious southern Premiers.

Well, thankyou very much,
Mr. Searle, and I'd like to thank the council for
its taking the time and trouble to prepare this brief
and to present the views of the council to the Inquiry.
Thank you, sir.

(OPINION OF I. BROWNLIE MARKED EXHIBIT 786)

(STATEMENT OF EVIDENCE OF LEGISLATIVE ASSEMBLY

OF N.W.T. MARKED EXHIBIT 787)

(WITNESS ASIDE)

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1	THE COMMISSIONER: What's the
J nu	program now?
3 .	MR. SCOTT: Miss Noble, is
4 1	your next panel ready?
5	MISS NOBLE: Yes, we have
6	a panel of four witnesses from Alaska. One has just
7	dropped out temporarily to answer a phone call.
3	THE COMMISSIONER: Well, we'l
4	stretch our legs for a couple of minutes while you
!) :	assemble the panel.
11	(PROCEEDINGS ADJOURNED FOR A FEW MINUTES)
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(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: All right.

I think we can begin again.

MR. SCOTT: Yes. Miss Noble,

are you ready?

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MISS GRACE E. LINCOLN, affirmed:

ROBERT WORL, affirmed:

MRS. ROSITA YEIDIKLATS'OK WORL,

affirmed:

BILLY NEAKOK, sworn:

JON BUCHHOLDT, sworn:

DIRECT EXAMINATION BY MISS NOBLE:

MISS NOBLE: Is this mike on? Yeah. I want to apologize that Mr. Bayly is not here today. He had to go to Inuvik to attend the NEB hearings which Nellie Cournoyea is making a submission.

I also want to apologize
to the Commission that in fact the evidence was very
late in being submitted but we are not responsible
for the U. S. Mails and three pieces of this evidence
was in the mail some time ago and has never arrived.
First, the evidence of Mayor Eben Hopson, as you may
know, Eben Hopson has been in the hospital for the
past month with cancer and he was not able to write his
submission until very recently and it arrived last night



with his two assistants.

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I'll introduce the panel from my right to left. The first is Mr. Jon Buchholdt

The second is Billy Neakok. The third is Rosita

Worl. The fourth is Bob Worl. The fifty is Grace

Perhaps they could start going over their qualifications and background experience and I'll start with Mr. Buchholdt and Mr. Neakok. Mayor Eben Hopson, as I said, was not able to give his presentation in person. Also, Mr. Neakok will deliver it for him. Both Mr. Buchholdt and Mr. Neakok have informed me that they are able to answer questions in regard to this submission, though of course they cannot speak word by word for Mayor Hopson.

Mr. Buchholdt is serving as sort of a resource person is there are questions to the panel. Mr. Buchholdt, what is your present position now in the North Slope Borough?

WITNESS BUCHHOLDT: I am an assistant to Mayor Hopson.

Q How long have you been in this position?

A I've been on the staff
of the North Slope Borough for about a year. Before
that I was a consultant to Mayor Hopson for two or
three. I'm a community organizer that's worked in
Alaska for the last decade and worked all over the
state and have been active in educational socio-economic



1.	planning with regional corporations that were organized
ž.	prior to and subsequent to the passage of the Land
3 1	Claims Act.
4 "	For the past three years, I
5	would say I have been exclusively involved in the
C	organization of local government on the Arctic Slope.
7	Q Mr. Neakok, what is your
9	present position in the North Slope Borough?
9	WITNESS NEAKOK: I'm special
10	assistant to the Mayor.
11	Q How long have you been
12	in that position?
13	A Since June of '75.
14	Q Is it correct that you
15:	were born and raised in Barrow, Alaska?
15	A That's right.
17	Q Is it also true that
18	you have been working with Mayor Hopson for quite
13	a few years now involved with land claims as well as
25	the formation and running of the North Slope Borough?
	A Yes, ever since the
: 2	inception of the land claims and also the North
23	Slope Borough.
24	Q How long has Mayor
25	Hopson been the elected Mayor of the North Slope
26	Borough?
27	A Ever since we were
25	legally established.
29	WITNESS BUCHHOLDT: 1972.
30	WITNESS NEAKOK: 1972.



He was in the Territorial

Mayor Hopson filed for the

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Q Perhaps, Mr. Buchholdt you could give us a little background in terms of Mayor Hopson's present illness and the position he's recently been elected to.

WITNESS BUCHHOLDT: Mayor

Hopson is probably one of the most respected political
leaders in the State of Alaska. He's 53 years old.

He's a carpenter and heavy equipment operator by
trade, a lot of experience in Arctic construction.

House of Representatives and the State Senate for eight years, was one of the early land claims organizers and executives of organizations pressing for the land claims settlement. He is serving his second term as Mayor of the North Slope Borough in which he played probably the leading role in organizing, being a long time advocate of local government for rural Alaska.

democratic nomination to the Mouse of Representatives and then shortly thereafter went back to Washington to raise a national opinion about the Dome Petroleum Project in the Mackenzie Bay and to attend the National Democratic Convention and it was during that time he became very ill, returned to Alaska, and was diagnosed to have a carcinoma of the nasal pharymx which caused him to have to go to Seattle where he has been since about forty-five days ago undergoing radiation treatment because of the position of the tumor he has with respect to his optic nerve.

It's inoperable and it appears



A The North Slope Borough

1	he's going to beat this because of an early diagnosis
2	However, it's interesting that while he was down there
3	he was unable to campaign for his nomination but won
4	it anyway, so he is now the democratic nominee for the
5	U. S. Congress, still unable of course to campaign,
6	but appears that he's going to be able to finish his
7	treatment at the end of this month and spend October
8	campaigning for Congress and he has a fair tomiddling
9	chance of winning.
10	THE COMMISSIONER: Alaska has
11	one congressman?
12	A Yes, Alaska has one
13	congressman and two senators and the congressman that
14	we have now is a republican who's serving in the
15	second term and he's the odds on favorite to win the
16	election. Eben Hopson is running, I think, because he
17	was angry that no other democratic political leader
18	of any stature would challenge Congressman Young.
19	MISS NOBLE: Could we turn
20	next to you, Mrs. Worl. Is it true that you are
21	presently working and living in Barrow, Alaska?
22	WITNESS MRS. WORL: Yes, I
23	do.
24	Q How long have you been
25	there?
26	A About thirteen months.
27	Q What is your current
20	position in the North Clane Percush?

is currently providing me the logistical support to

29



1 .	conduct my research. My research is on the political
2	development of the North Slope Inupiat.
3	Q Let's turn to your
4 !	education qualifications. In 1972 you received a
5 1	B. A. Magna Cum Laude from Alaska Methodist Universit
6 :	A That's right.
7 .	Q In 1974 you received an
3	M. A. from Harvard University, majoring in social
9	anthropology?
10	A That's correct.
11	Q You are presently a
12	P. H. D. candidate at Harvard University, conducting
13	research in Barrow, Alaska on political development?
14	A Yes, I've completed all
15	my necessary work, passed my oral examination and
16	am in the final stages of completing my P. H. D.
17	Q And as for awards you
18	have received, you have received a five year Ford
19	Fellowship Award?
20	A Yes, I have.
21	Q And you were the 1969
22	Alaska candidate for the outstanding young woman of
23	the year?
24	A Yes.
25	Q And in terms of your
26	work experience and research, in your early years
27	you were a salmon cannery worker and a fisherwoman
. : . :	since you even began to work?
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salmon canneries ever since I can remember and I have

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rather a late career in education.

this?

Haines .

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Q Whereabouts did you do

A I lived in southeastern

Alaska. I was brought up in a little community called

Haines and Petersburg and then went to an

urban community of ten thousand people and then I was

sent away to a Bureau of Indian Affair's school in

Q In 1969 you were director of Alaska Native Brotherhood Higher Education Program.

A Yes. At that time we had very few Alaska natives in college and it became the objective of the Alaska Native Brotherhood to place more natives in college. We only had thirty students in college. Today, at least in southeastern Alaska, there are four hundred natives in college.

Q You were also director of the Tlingit Cultural Program, Alaska State Museum?

A \ Yes, I was.

Q In 1972 you were research consultant, Office of the Governor, on Alaska native voting patterns?

A Yes, the Alaska natives were very concerned about the limited participation of native people in voting and it became the objective of the Office of the Governor to increase voting participation and it was my assigned task to try to review how it might be implemented or better participation.



1 1	Q And in 1973 you	carried
2 "	out a survey of native Americans in the Greate	r
3 }	Boston area?	
4	A Yes.	
5	Q In 1974 you were	advisor
6	to the Boston Museum of Fine Arts for the far	north
7	exhibits?	
8	A Yes.	
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Lincoln, <u>Worl</u>, <u>Worl</u>, Neakok, Buchholdt In Chief

41	In Chief
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2	A Yes, I was.
3	Q And you were content
4	advisor for the Tlingit sorry, I can't read that
5	word.
6	A Tlingit Aanee.
7	Q Aanee?
8	A M-hm.
9	Q Enter the Tlingit world
10	for the Paabody Museum of Archaeology, Ethnology, and
11	the production of two films.
12	A Yes, I did this in
13	conjunction with my studies.
14	Q In 1975 you were
15	research consultant evaluating higher education programs
16	for the office of Higher Education.
17	A Yes.
18	Q Is that H.E.W.?
19	A That's the U.S. office,
20	and I evaluated programs in Maine.
21	Q Let us turn to you,
22	Mr. Worl. You are Mrs. Worl's husband, I presume?
23	WITNESS MR. WORL: Yes.
24	Q And you are presently
25	working and residing in Barrow, Alaska.
26	A Yes, I am.
21	Q What is your position
13	in the North Slope Borough?
Zv	A I'm presently the

director of the North Slope Borough Health Department.



	In Chief
1	
2 ,	Q Let's start back to
3	your educational qualifications and experience. In
4	1967 you graduated from Central Washington State
5	College with a major in psychology?
6	A Yes.
7 .	Q For one year you were
8	a case worker for the State Department of Public
9	Assistance, Washington State, for the Yakima Indian
10	Reservation.
11	A Yes.
12	Q In 1968 to 1969 you
13	were with the Alaska State Department, Fish & Game
14	as protection officer.
15	A Yes.
16	Q In 1969 you were also
17	a special Manpower you were a counsellor for
18	special Manpower programs with the Alaska State
19	Department of Labor.
20	A That's correct.
21	Q In 1969 you were a
22	counsellor with the Higher Education program of the
23	Alaska Native Brotherhood.
24	A Yes.
25	Q 1969 you were a
26	counsellor with a special oil orientation training
27	program of the Alaska State Department of Labor.
28	A Yes, that's right.
29	Q From 1970 to 1971 you
30	were a counsellor that was the same one, wasn't it?



Q Are you a director of

1	
2	Or was that another position, special Manpower
3	program?
4	A Special M anpower
5	program entailed a number of programs, some of them
6	short-term and some of them ongoing.
7	Q And in 1971 you
8	completed a Master's program in counselling psychology
9	at the University of Alaska in Anchorage.
10	A Yes.
11	Q 1971 and 1972 you worked
12	at the Alaska Native Medical Centre in Mental Health
13	Services.
14	A Yes, this was partially
15	in conjunction with previous jobs that I had, and also
16	partially in conjunction with my studies.
17	Q In 1973 and 1974 you
18	were research assistant for various projects at the
19	School of Education at Marvard University, the American
20	Indian program.
21	A Yes, that's correct.
22	MR. SCOTT: Mr. Worl, it's
23	hard to hear you at the microphone if you don't speak
24	right into it.
25	A Is this better?
26	Q That's better.
27	A Closer is better.
15	MISS NOBLE: The next one,
25	I'm sorry, I can't read your handwriting.



	THE CHIEF
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2	public services, Tozzer Library?
3	A Tozzer Library.
4	Q That's the Harvard
5	Anthropological Library?
6	A Yes, it is.
7	Q You were also consultant
8	to the Boston Museum of Fine Arts on their far north
9	exhibit.
10	A Yes.
11	Q And you were consultant
12	in that same time period, is that the A.B.T. Associates
13	A ABT Associates.
14	Q On outer-continental
15	shelf impact research project.
16	A Yes, they were preparing
17	an application for an O.C.S. project.
18	Q How long have you been
19	in your current position as director of the Health
20	Department?
21	A Since December of '75.
22	Q Miss Lincoln, if we could
23	now turn to your background. Her resume is contained
24	at the last page of her evidence. Miss Lincoln,
25	you are currently project director for what organiza-
26	tion in Alaska?
27	WITNESS LINCOLN: The
23	Alaskan Native Special Alcoholism program under the
29	auspices of the Alaskan Native Commission on Alcoholism

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and Drug Abuse.



Perhaps you could

	In Chief
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2	Q How long have you been
3	in that position?
4	A Let me see, since
5	November of last year.
6	Q Let's go to your
7	background in education. You were in pre-nursing
8	training at Temple University in Philadelphia in
9	1948.
10	A That's correct.
11	Q You became a registered
12	nurse, Pennsylvania Hospital in Philadelphia in 1951.
13	A That's right, under the
14	auspices of the Colonial Native Society of America, I
15	was a scholarship student, the pilot project for the
16	State of Alaska.
17	Q And you've been involved
18	in various workshops on alcoholism and drug abuse,
19	which you have listed here.
20	A Correct.
21	Q From 1951 to 1952 you
22	were supervisor nurse at the Pennsylvania Hospital.
23	A Correct.
24	Q You were on private
25	nursing duty, St. John Hospital in Fairbanks from
26	1953 to 1954.
27	A That should be St.
28	Joseph's, I don't know why it's St. John. St.
29	Joseph's Hospital in Fairbanks, right.

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That is correct.

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1 explain, O.R. supervisory R.N. at the Long Beach Community Hospital in California? 4 Ά That stands for operating room supervisory registered nurse. You were then --0 77 I was in charge of the 8 operations for the operating room and the emergency room on 3 to 11 shift for eight years. 10 And you were on private 0 11 duty at Long Beach, California --12 Yes. 13 -- '62 to '64. 14 Α Yes. 15 You were clinical nurse 0 16 of United States Public Health Service, Alaska Natives 17 Hospital in Kotzebue, Alaska, from 1964 to 1965. 18 That is correct. Α 19 You were project director 20 operation gramsroots -- and perhaps you can explain 21 what those initials stand for? 22 Greater Anchorage area, A 23 Community Action Agency. 24 And then you were on 25 private duty at Kotzebue and Nome from 1968 to 1971. 26 That's correct. 27 You were project 28 director of the Kotzebue Alcoholism program from

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1972 to 1973.



0 You were nurse leader. the Alaska International Academy, from 1973 to 1974. А Correct. You were media specialist, Alaska Native Commission on alcoholism and drug abuse in 1974. A Correct. Q You were media director ANCADA in 1975. Α Correct. 0 And since then you have been project director of the Alaska Native Special Alcoholism program. That is correct. And the professional 17 societies that you have listed here represent a true 18 picture of the societies you belong to. 10 That's right. 20 MISS NOBLE: Well, Mr. 21 Commissioner, if you'd like to start the evidence now, 22 or perhaps break for lunch? 23 THE COMMISSIONER: Well, maybe 24 We've now been introduced to each other we should. 25 so maybe we can break for lun ch now and come back 26 this afternoon at two o'clock and hear the evidence, if that's all right. So we'll just break till two o'clock, then.

(PROCEEDINGS ADJOURNED TO 2 P.M.)



WITNESS LINCOLN: I was invited

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

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MISS NOBLE: Before we begin, there was one piece of background of Miss Lincoln I forgot to mention that's not in the record. She just returned from Paris, France last week, I believe, and perhaps you could explain what you were doing in Paris.

to the Sorbonne in Paris by Professor John Malourie who is the Director of the Center for Arctic Studies in Paris. I gave the same presentation to try it out on an international audience and I will submit the same thing here.

MISS NOBLE: I would like to start with Mrs. Rosita Worl. Could you read your evidence into the record?

WITNESS MRS. WORL: I would like to thank the Berger Commission and COPE for the opportunity of appearing before you to share my observations of the Alaskan experience which would certainly seem to have relevancy to many points of your Inquiry. We trust that our experience may be of some value to you, as you prepare to recommend the terms and conditions that should be implemented if the Mackenzie Valley Pipeline right-of-way is granted.

My name is Rosita Worl. My
Tlingit name is Yeidiklats'ok. I am a Tlingit Indian
enrolled under the provisions of the Alaska Native
Land Claims to a village called Klukwan. Before the
present political boundary was established between
Canada and Alaska, my ancestors, the Chilkat Tlingits,



had had a mutually profitable relationship with our interior Canadian relatives.

For the past year, I have been conducting an investigation of the political development of the North Slope Inupiat. I have been a student of Federal-Indian relationships and the development of the Alaska Native Land Claims as a social anthropologist in a Ph. D. program at Harvard, University.

As a social scientist, I have been conscious of how scientific research has been influenced by the researcher's society, by his entire cultural, social and economic and including his political milieu. It was in fact this awareness which prompted me to enter the social scientific profession. As I read anthropological literature and historical accounts of Alaska-Native cultures, it became apparent that many of the writers had definite orientations which often led them to faulty knowledge.

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Up to this period, the social scientific field has been dominated by the western world. However, even as indigenous people enter the academic world, they too are influenced by the educational institutions and the accumulated writings which forms the basis of scientific theories. I do not intend to deliver to this Commission a philosophical summation on objectivity and social scientific research.

However, I raise this issue for your consideration as you begin to deliberate and evaluate my testimony as well as those of others.



Unlike lawyers who have been consciously trained to select data supporting their client's interests, social scientists too often naively proceed as if their data or their research has been acquired independently of all valuations. I hope my testimony may be of value precisely because it has both been based and influenced by my Alaska-Native heritage as well as by my academic training.

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Alaska-Native history with American Indian history generally portray the Americanization of Alaska as passive and peaceful. Contrasted with the wars waged with American Indians, the U. S. relationship with Alaska natives may be characterized as being more subdued. The Alaska natives did not initially experience the same westward population expansion, as did the American Indians who were killed or removed to reservations but they did endure the colonial nature of American entrepreneurship.

Although the United States, which was founded ranking property rights as the first basic right and which had in legal principle guaranteed to native Americans aboriginal rights and property, economic development of Alaska was to proceed prior to the extinguishment of aboriginal title. This economic exploitation was not without social consequence as it spread and infected the lives and cultures of the Alaska natives by reducing their land base and destroying their resources.

With each discovery of an



exploitable resource, it spread like a disease over the coastal waterways and lands belonging to and occupied by the natives, bringing the vices and illnesses of civilization.

The unchecked rampage of economic development which profited the immigrant in search of riches and business enterprises in addition to enriching the coffers of the U. S. Treasury and most significantly, establishing institutional links between the Alaskan hinterland communities and the new government, struck a brutal blow to the natives standing in the way of economic development.

The Aleuts, the Tlingits,
the Athabaskans and the Eskimos, who were not
annihiliated by the colonists or diseases of
civilization were deprived of their land. Many of
their subsistence resources were reduced to near
depletion. Their bodies and minds were weakened by
alcoholism, tuberculosis, small pox and venereal
diseases. Their traditional beliefs were to be condemned by western educational and theological doctrines.

The natives were to be taught

that their Gods who had sustained them alone in occupying the new world and in developing cultures adapted to the rigorous environments of the Arctic was a pagan God. The hunting and fishing economies were to be considered uncivilized. The introduction of cash economies were to induce a train of changes and introduce new conflicts.

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In their ruthless quest for the rich Alaskan fur resources, the Russians nearly exterminated the sea otter population, along with the Aleut population. Within 100 years, the Aleut population was reduced from 20,000 to 900. After the depletion of the fur resources along the entire southern coastal areas of Alaska, it was no longer economically viable to maintain her claim to Alaska. Russia sold Alaska to the United States.

The northern Eskimo, who depends on the whale, were not to be spared from, civilized/hunger for nature's resources. Historian Ted Hinckley compared the whale hunting predators to the great plains buffalo who gave little thought to the possible extinction of the great mammals and even less regard for their impact on Inupiat life. The whales which provided the life sustenance to the Eskimos were hunted by the New England whalers with the same passion as the Russians did for the sea otter. The cultural ecological system between the coast and inland Eskimos was forced — disrupted, forcing the inland Eskimos to move to the coast.

The discovery of rich mineral resources brought a non-native population into Alaska, following the gold discoveries into the Canadian Yukon. Access to the interior was through the coastal mountain passes which had been maintained under the exclusive control of the Chilkat Tlingits. My great grandfather, Chief Daanaawaak and Chief Clanaat



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were to be reprimanded in a letter dated May 18, 1885 from U.S. Naval Lieutenant Commander Nicholas. "This country is free to all white men to go through in the pursuit of their business. It is for your interest to have them here because they bring you wealth by your contracts to work for them."

Although the Lieutenant

Commander incidentally recognized Indian title by
stating that the white chief who govern the whole
country is very angry for this ill-treatment of peaceable people passing through your country, the government
was already advocating for easements to make way for
economic expansion, just as they are today demanding
easements through the native-owned private land.

The wealthy and powerful Chilkats who had controlled
the trade through the passes were reduced to pauperism
The Navy's assurance of lucrative contracts referred
to the \$9. the Indians could earn carrying 100-pound
packs through the steep mountain passes.

One of my grandfathers,

Yendayaunk took the name of a supposed patron of

wealth as a payment for a debt. I am sure it has been

interpreted that my grandfather was paying tribute

to the distinguished First Lieutenant Frederick Schwatka

by assuming his name, but in fact Schwatgee as he would

now be known, took possession of the name because the

lueitenant did not fulfill his financial obligation.

More than any one food, natives were dependent on the schools of salmon which



returned to the coastal shores to migrate up the numerous streams and rivers from south-east to the Bering Sea to spawn each spring and summer. Sophisticated cultural complexes developed and flourished around the abundant supply sources. Most devastating to the survival of the aboriginal cultures was the destruction of the salmon resources by the powerful salmon industry. By 1878 salmon canneries were making their appearances first in south-eastern Alaska, and spreading rapidly westward to Prince William Sound, Cook Inlet, Kodiak, circumventing the Alaska Peninsula and into the Bristol Bay region. According to research by the late Ernest Gruening, within half a century Alaska was to become the world's principal salmon producer and surpassing mining in Alaska as the major industry and representing the largest investment of capital. As profits from the salmon industry increased to yield the largest annual financial gains for any one Alaskan industry, Eskimo, Aleut and Indian self-sufficiency declined concurrently as they had to submit to the industry's expansionary pressures.

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The colonial relationship between Alaska and the United States was nowhere more apparent than in the salmon development. Not only were the salmon products extracted from Alaska for the sole benefit of the outside consumer, but all profits realized from the industry were to be taken from Alaska, even to the salaries made by the salmon cannery workers and fishermen who were imported.



Taxes imposed on the industry

was miniscule in relationship to the derived profit. Laws were to be legislated with only the salmon industry interests in mind. The Alaska salmon industry composed of several salmon-packing corporations, was formed to further protect the interests of their canneries. It became the most powerful lobby in Washington, D.C. dominating all policies, regulations and legislation affecting fisheries in Alaska. The non-indigenous settlements and populations were increasing significantly around the salmon canneries. The natives could hardly accumulate the capital necessary to purchase the fishing boats or invest in the canneries. In most instances they were discriminated against in obtaining employment in the canneries. When/did fish or work for the canneries, they were paid less than the imported worker or fisherman. The development of the salmon industry did more to change the lifestyle of natives than any other previous commercial enterprise. The subsistance fisherman was forced to yield to the commercial fishermen.

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Although Indian title had been recognized in the 1867 Treaty of Cession between Russia and the United States and had been reaffirmed in several legislative acts and judicial decisions, aboriginal trespass did occur with the economic penetrations made by the fur traders, miners, and salmon industries.

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These developments had occurred without a substantial permanent non-native population increase. However, with increasing commercialization, by 1910 the non-Native population swelled to 39,000 while the aboriginal population dropped from an estimated 65,000 to 25,000. The extent of aboriginal land use and occupancy was diminished by the aboriginal population decrease and further by the reduction of the natural resources on which they depended, by the forced removal and destruction of villages by military force, by the persuasive educational and religious practices to abandon traditional life styles and adopt the habits of civilized life; in addition to the increasing non-indigenous population and federal legislation which allowed expropriation of native land. As these economic pressures mounted, the natives began protesting against these intrusions. They began to pressure Congress to uphold the integrity of their own constitution and fiduciary responsibilities.

The persistence of the Alaskanative cultural groups, even after two hundred years of economic, cultural and political intrusions, poses



several questions for consideration.

What were the factors and conditions which facilitated their survival?

Unquestionably the

aboriginal cultures of Alaska natives have undergone considerable change but the contemporary cultural enclaves persist as distinct entities and are still fundamentally different from the encompassing society. The natives of Alaska have eagerly adopted technological innovations, and modified and incorporated a host of western institutions, while they have retained or transformed indigenous cultural elements. Generally it appears that traditional cultures of Alaska have maintained the core of their aboriginal value system.

The traditional whaling complex of Northwest Alaska remains a vital aspect of the coastal Eskimo culture while the Eskimos about Bering Strait are still to a large degree dependent on the North Parcific walrus herd. The inland Eskimos in the central Brooks Range of northern Alaska who are primarily dependent on the caribou, have been portrayed as one of the few remaining hunting peoples of the world. A combination of subsistence and commercial salmon fishing, together with moose hunting, is the emerging socioeconomic pattern for the Nushagak River Eskimos of southwestern Alaska.

An ethnographic report of the marine Eskimo culture on Kodiak Island notes that in spite of the early and continuing exposure to western

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Lincoln, Worl, Worl, Neakok, Buchholdt In Chief

of aboriginal living. The Aleuts along the Aleutian Chain are as dependent upon the marine economy as they were in the past. While the northern Athabaskans of interior Alaska have been generally described as moving away from a subsistence economy. The strong attachment to their home land is the basis on which development for the future is being planned.

The Athabaskans are in the State Courts today asserting their right to hunt moose as necessary for their ceremonial and religious mortuary rights. The Tlingits as well as the Haida Indians of southeastern Alaska have been applauded for making a rapid transition to a cash economy.

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However, in fact, the change was an adaptation of their basic aboriginal, economic activity to modern technology. Today, even in the face of the declining monetary economic benefits of salmon fishing and in the presence of other financially lucrative employment opportunities, their subsistence needs and cultural attachment to a marine economy seems to be the primary reason for their continuing participation in the fishing economy. An Alaskan economist laments,

"Recent experience has revealed a distressing lack of response of the Indians to the new job opportunities opening in the expanding forest industry."

His research demonstrated that the pulp and paper industry, which offered cash income



opportunity has had virtually no impact on the native population.

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In my estimation, the most significant factor in the persistence of Alaskanative cultural groups is their continuing relationship to their land. Common to the great majority of all Alaskanative communities concentrated in over 200 predominantly native rural communities is their continuing relationship to the land and their dependence upon its natural resources. While not all natives are equally dependent upon fishing, whaling, trapping and other gathering activities, subsistence economies are generally characteristic of Alaskan native villages.

have established economies based on subsistence activities in their aboriginal territory together with a cash income. Social scientists and government policy makers have for years, and are continuing, to make the assumption that there is a unilineal movement from a subsistence to a cash economy. My observation of Alaska and most specifically of the area north of the Brooks Range is that a viable, economic and social system presently exists which entails an interdependency between a cash and subsistence economy.

I suggest that the standard economic models, including the average disposable income analysis, and the employment or unemployment statistics will not give us an understanding of the current functional economic system and how it affects



the social organizations of the communities in rural

Alaska. For example, the standard federal or state

income tax forms measures the cash income of individuals

in a single family household but it makes no provision

to analyze the profit or loss statements of subsistence
income.

Nor do the tax laws allow for an individual to claim dependents, deductions or allowances for the distribution of the harvested resource among the community members including the extended family, the elderly and the needy. The hunter invests a significant portion of his cash income in the entire community. He requires a level of cash income to subsistence hunt and fish. Concommitantly, the community is dependent upon the harvested resources of the hunter. The hunter with his cash income buys his necessary equipment to hunt or whale.

In turn, his catch will be distributed to various community members. Last summer, one walrus was shared among at least 23 households in Barrow. We know this because an epidemiological study was prompted when at least eight persons contracted trichinosis.

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is particularly evident in the Inupiat whaling complex where formal rules of sharing are adopted.

A whaling captain must have a minimum capital investment of \$6,500. This amount does not include the labor costs or cash income loss for eight men for three months. Unlike farming activities, the captain receives no subsidy for this food-producing activity. However, the end product, which is quite substantial, a whale measures from 30 to 60 feet in length and weighs a ton a foot, will be distributed within the community according to the rules adopted by the Association of Whaling Captains.

The captain must host a feast when the whale is first caught and share with crews who assisted in the taking of the whale, as well as with community members in three re-distribution feasts. Like his predecessors (who were called Umeliks, meaning rich men) the contemporary whaling captain must have access to a significant cash income.

Subsistance, like cash,

has tended to be measured and analyzed at the individual level. I also contend that the premise that a cash income negates subsistence participation is null and too simplistic. This assumption has caused us to overlook the communal use of natural resources which I submit has been a primary factor in maintaining the social cohesiveness and the autonomy of Alaska native communities.



As I have noted, the initial

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American occupation was colonial in nature. The
extraction of natural resources occurred without a
substantial non-native population and without a significant loss of native land. No major impairment of
aboriginal title occurred. Aboriginal title had been
recognized but not moved towards -- but the move
towards extinguishment had not occurred until the
natives themselves began protesting as the white man
began to encroach on their hunting and fishing grounds

Anthropologists have tended

responses by native Americans to the dominant society while overlooking the deliberate, conscious, and organized responses by indigenous peoples to perceived threats and their utilization of dominant institutions and the laws of the national society to protect themselves. Attempts by the dominant society at directed cultural change have tended to be viewed as out of the domain of anthropologists as variables in the analysis of culture change.

There can be no doubt that once federal Indian policies were formulated, they were designed to detribalize native Americans and assimilate them into the American mainstream. The most obvious attempts at directed cultural change were federal legislation and programs which focused on native American land and resources. Perhaps the most blatant was a General Land Allotment Act of 1887 under which tribal-owned land was divided and allotted to



individual land-holders. Within a 50-year period, the native Americans lost 85 million acres of land which had been declared surplus.

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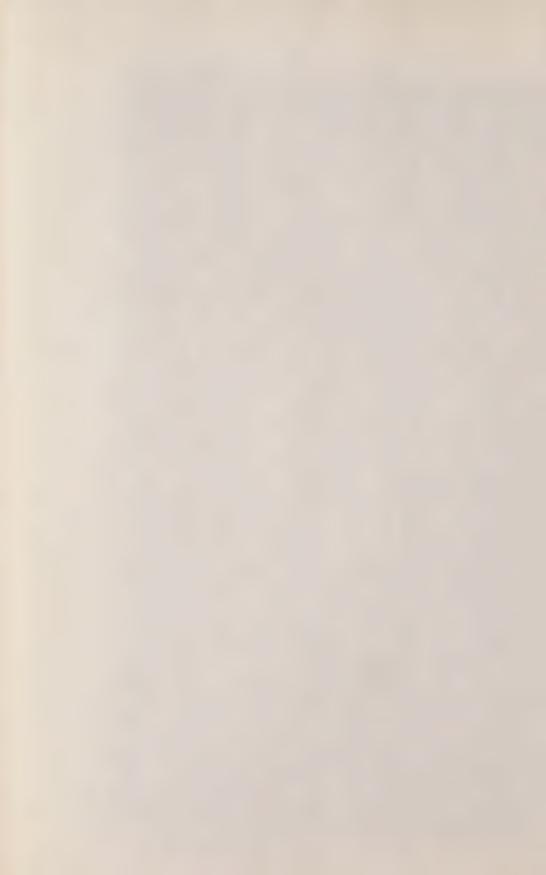
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More subtle attempts by the Federal Government to induce cultural change were manifested in the Indian Reorganization Act of 1934. Principles developed by social science were used for the first time by the government to deliberately initiate certain kinds of change in Indian societies and to control other changes. The pressure for change was intended to shift the locus of initiative from the government to the Indians themselves. While this new Indian policy did not abandon the emphasis on assimilation, the I.R.A. provided for the formation of autonomous economic and political institutions patterned after the U.S. constitutional democratic models. The objective of the I.R.A. was political and economic assimilation of native American societies which would ultimately end in severing relationships between the governm ent and tribes, in spite of the treaty obligations. So confident was the Bureau of Indian Affairs of its success that it devised an index of acculturation to determine when termination or severance of federal native American relations could be effected. I might point out that the failure of these governmental inspired governing bodies and economic programs can be attributed to not allowing for local control. It was a second class government created for second class citizens. In an excellent analysis of the political evolution of the federal



and native American relations, an Alaskan native, Chris McNeil, concluded that:

"The government has the power to create, aggregate, disaggregate, or terminate tribal existence through treaty, statute, or Court decision."

Within the I.R.A. structures, federal programs which intended to assimilate native Americans were developed guided by an economic orientation supported by the values of the dominant society, and particularly by the prevailing dominating interests of those who participated in the formulation of high political policy.

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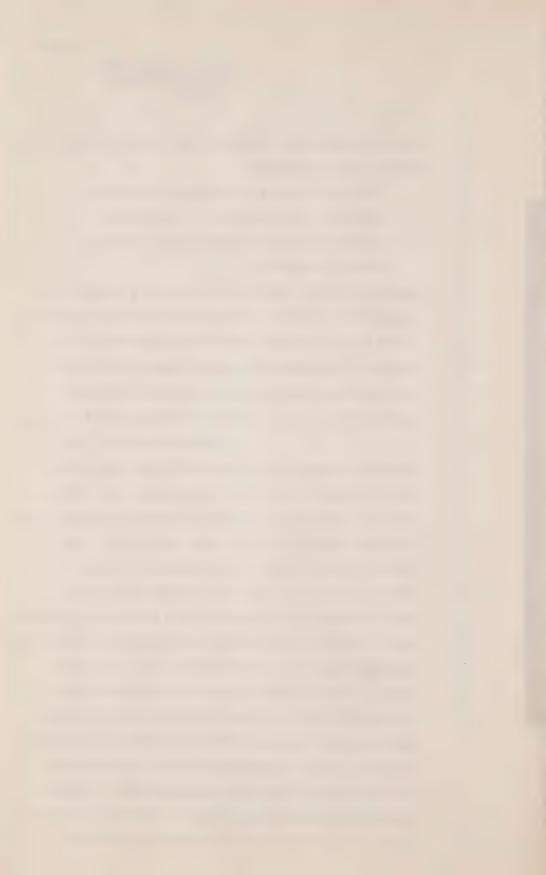
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Although aboriginal title had been recognized and repeatedly affirmed during the 100 years of American jurisdiction over Alaska, there had been no move towards extinguishing aboriginal title and converting it to fee simple title. The highest Courts of the United States had given integrity to Indian title, but there had been no move to settle Alaskan native land claims. The Absaka natives were in a particularly anomalous position since they could not obtain reservation nor could they acquire title to their lands as individuals. The government would not extend reservations to Alaska natives since the policy under the General Allotment Act was to break up tribal property, but the same Act specifically excluded Alaska natives. Neither could the natives obtain title to their land under the mining laws or Homestead Act since they were not



considered to be United States citizens. Finally, in 1906 the Alaska Native Allotment Act was enacted. The Act was not successful with only 80 allotments issued during the first 50 years. The Bureau of Land Management had rejected applications which claimed lands based on hunting and fishing activities as not proof of use and occupancy. The intent of the legislation, like the General Allotment Act, was to make farmers out of the fishermen and hunters.

Alaska during World War II provided impetus for increased non-native settlements. By 1940 the white population exceeded the native population. The non-native population began clamoring for statehood.

The Alaska Statehood Act passed in 1958 granting a new state the right to select 103 million acres of land, however, the disclaimer clause in the Act reaffirmed native land rights but once again, post-poned a native claims settlement.



The Organic Act of 1884

had provided the legal basis for a legislative settlement of the Alaska native land claims. Congress had chosen not to extinguish aboriginal title, but they had extended to third parties and the newly created state the right to acquire a significant portion of Alaska native lands. The Act held the settlement in status quo for some future unspecified legislative or judicial determination. The new state's position would be that the land claims was a federal responsibility.

The state immediately began selecting the most valuable lands which most often encompassed areas traditionally used and occupied by the natives. Reacting to the state's selection of lands, the Alaska natives began filing protests with the Bureau of Land Management. The department charged with upholding the trust responsibility to the natives turned a deaf ear to the Natives protests. In frustration they petitioned the Secretary of Interior to impose a land freeze, to halt the state's selection until native land rights question was resolved. The Alaska Federation of Natives which had been organized to pursue a settlement of the land claims was able to persuade the Secretary of Interior Udall to impose a land freeze halting any further selection of land in 1966.

Numerous articles by lawyers, political scientists, anthropologists, and historians

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Under the principles of

have written about the Alaska native land claims from every imaginable perspective. Universally they will agree that if it had not been for the oil in the North Slope there would have been no land claims settlement. It can be stated unequivocally that the settlement was predicated on the need for oil.

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civilized Europeans, the right of discovery gave title to the government by whose subjects, or by whose authority discovery of land in the new world was made, opposed to all other governments. The philosophical jurisdiction for the dispossession of aboriginal people was embedded in Rousseau's proposition of pre-eminence of cultivation under western concepts of land use and occupation. Western conscience demanded legal mechanisms for extinguishment of aboriginal title. Under a long series of Statutes and Supreme Court judicial decisions, use and occupancy by aboriginal people created a protected property right as against third parties which the United States alone within its boundaries has the power to extinguish. These legal mandates were not sufficient to move for extinguishment of the Alaska native land claims until the need for oil. The natives were to repeatedly demand that the integrity of the American laws be upheld to force a settlement.

I would like to refer the
Commission to Mary Clay Berry's book entitled:

"The Alaska Pipeline, the Politics of Oil
and Native Land Claims."



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Miss Berry served as a Washington correspondent for two Alaskan newspapers from 1967 to 1971 which was the period of the land claim s activities.

Her book offers the most comprehensive account of the key role oil played in the settlement of the claims.

Recall that for 100 years the settlement of the Alaska native land claims had remained dormant.

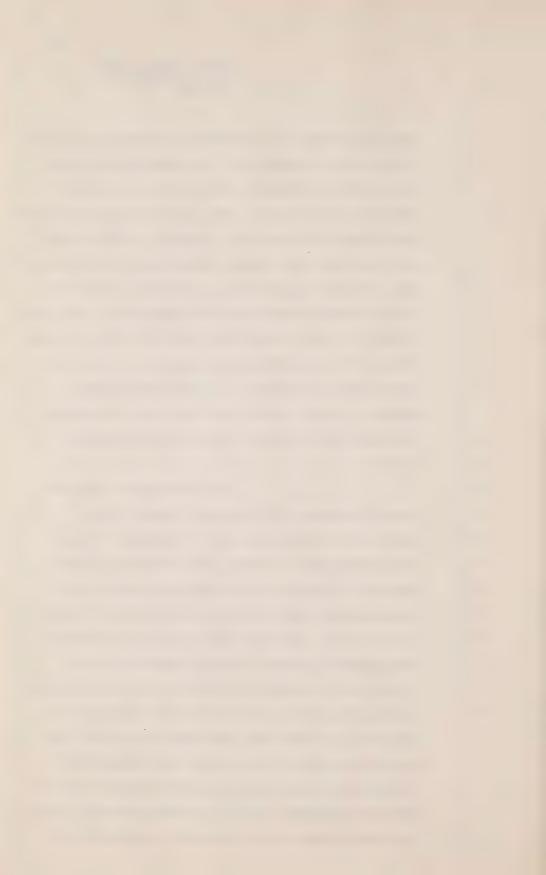
The discovery of oil in the Arctic led to an effective coalition between the natives and the oil companies who wanted to get the natives' claims settled so that development and transportation of the oil could proceed undeterred.

The primary Alaskan native concern with the Trans-Alaska Pipeline was that the right of way permit not be granted prior to the settlement of the Alaska native land claims. As I have previously stated, the generally accepted opinion today is that the claims would not have been settled without the oil pressure. Although the natives had been advocating for 2% royalty of resource development in perpetuity as payment for lands surrendered, they had not given serious consideration to the socioeconomic impact of the pipeline construction. After the settlement, they found themselves in a position of advocating for rapid construction since \$500 million of their settlement was tied directly to oil flowing through the pipeline to Valdez, the southern terminus. Willie Hensley, who was an Alaska state senator, who is also an Eskimo, made a feeble attempt to demand a



liability payment as a condition of granting a permit in the event of damage to the subsistence resource which could be adversely affected by the pipeline if there were an oil spill. The pipeline crossed innumerable streams and including the Yukon, which is the life-line for over a dozen communities along the river's edge. It was reported that an oil spill during the salmon spawning season would be devastating to the salmon as well as to the communities which depended on salmon and including the commercial interests. It received little favor. Moreover, it became increasingly apparent that the natives had lost their bargaining position since the land claims had already been settled.

mental Protection Act was passed prior to the construction of the pipeline. In response to the environmentalists' demands, the voluminous impact statements focused on environmental concerns. The socio-economic report prepared for Alyeska, the consortium of oil companies constructing the pipeline, was a study of impact on modern complex society. It measured the impact on existing social and economic systems. The study concluded that the pipeline development would not be a boom-bust cycle, thus the existing social service systems, the educational systems, and other service oriented systems would be able to accommodate the anticipated population influx. The impact study was not designed to evaluate the



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society. It did not address itself in assessing the changes it could cause in rural native communities.

The study had assumed that the benefits would be an increasing participation by matives in a cash economy.

However, the study did allude to possible negative impacts stating briefly that the natives may experience psychological problems returning to the village after the completion of the pipeline. It was reported that the pipeline would have permanent -- 400 permanent employees after the construction of the pipeline.

I attempted in the early part of my testimony to illustrate the contemporary social organization of rural Alaska native communities. One important aspect of a subsistence economy can be simplistically compared to a social welfare system whereby the elderly, the needy and other community members share in the distribution of the resources. As I stated, this is particularly evident in the Arctic Whaling complex. The limitations of current American impact statements are that they tend to evaluate impact on natural resources but never as to how a diminished or damaged resource will affect naive assumption is generally human ecology. The is that cash income can replace subsistence income.

In considering the interdependencies between cash and subsistence economies, Robert Willard, a Tlingit Indian, who was the director of the state's Human Rights Commission, and an advocate



for the Alaska plan, to ensure Alaska hire on the pipeline, proposed a cluster hire concept. The intent was to hire several natives for one position, who would alternate on the one job. The idea was to keep the period short in order that the native worker would not be away from his subsistence activities for too long. One of the adverse effects of boarding school where native students are forced to be away from their communities is that they are not able to attain the skills necessary to hunt. Compared to this, it can be as equally disruptive if the father is away and not able to teach his sons.

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Another weakness that I've

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29 . i noted of Impact Statements is that they tend to measure one variable of the impacting force on the living environment. The U. S. Navy had repeatedly asserted that there would be no impact of gas exploration within petroleum reserve number four in the North Slope. Repeatedly the North Slope Inupiat reported finding dead fish. The Commander, reacting angrily in a meeting asked if it would be preferred to have dead fish or dead Eskimos, implying I'm sure, the non-availability of gas. The negative impacts in this instance would not only be damage to the resource and limiting the availability to the users but also the psychological trauma and feeling of frustration.

In addition, Impact Statements generally assess the effect of one project independent of others. I have repeatedly stated that accumulative affects of all impacting forces must be considered.

Today, within the North Slope, we are facing petroleum reserve number four exploration, the impending outer continental shelf and Beaufort Sea development, both in Alaska and Canada; the anticipated gas line through Alaska or Canada, together with the ongoing Prudhoe Bay developments and the prospects of opening the road to the Arctic to the public.

Today the Arctic Slope is experiencing a caribou crisis. The western herd has reportedly been reduced from 240,000 in 1970 to 70,000. Alaska fish and game reports also showed no



Lincoln, Worl, Worl, Neakok, Buchholdt In Chief

increase in the subsistence harvest for the past several years. However, it is the native who will be penalized by the regulations reducing their take. No research has been done to determine the other causes for the supposed decline. In spite of all the publicized reports to protect the caribou migration around the Trans-Alaska Pipeline, no one predicted that the caribou would follow the pipeline route instead of migrating through Anaktuvuk Pass.

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The hunters who reported this faced a grim winter last year just as they will this winterif proposed state regulations are adopted. It may be that the Nunamiut Eskimos will once again have to migrate to the coast.

Your honour, I would again
like to commend you on the objectives this Commission
has set forth. I can only conjecture that if the
United States had taken the same attitude as this
Commission in dealing with this aboriginal population,
it would not have to live with its infamous and
unjust history of native American relations. I can
only hope that you will have the power to carry forth
your recommendations.

The sole recommendation I would offer is that the land claims be settled as the first priority of action. Thank you.

MISS NOBLE: Thank you.

Mr. Neakok, would you please read the evidence of
Mayor Eben Hopson?

WITNESS NEAKOK: Thank you.



We in Alaska have heard a

My name is Billy Neakok. I'm special assistant to the North Slope Borough Mayor.

Mr. Justice Berger, I appreciate this opportunity to testify before your distinguished forum to tell you about my perceptions of what is happening in the Arctic as a result of the discovery of large oil and gas reserves at Prudhoe Bay, and elsewhere along our Arctic coast.

great deal about the work of the Berger Commission,

I want to tell you that I appreciate the way that
you have approached your task. You have sought
in your work the kind of broad point of view that will
enable you to see the problems of safe and responsible
Arctic oil and gas development in its true perspective.
I realize that you are charged with focusing upon the
problems of impact and dislocation that may result
from gas pipeline construction, but you have correctly
perceived that there is a whole host of associated
problems for which your Inquiry has been the only
responsible form available to Inupiat and Indian
citizens of the Northwest Territories.

Your work has international importance too because your Inquiry is documenting problems shared by the Arctic people of Canada, Alaska and even Greenland. My staff and I have given this paper a great deal of thought, therefore, and I only wish now that I were able to be in Yellowknife today to deliver it personally and respond to your questions.

My purpose in writing this

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paper is to share with you my impressions of the experience of our Arctic Slope Inupiat community of Alaska with Arctic oil and gas development. My hope is that our Inupiat people in Canada and Greenland will take notice and plan accordingly, and that government and services in Canada and Greenland will also take our experience and point of view into account.

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among us. Not many people realize that our people have been heating their homes and cooking our food with oil for thousands of years. There are oil seeps throughout our region and on our way to our hunting camps, we would cut oil saturated tundra into blocks. Returning from camp in the fall, we would collect these bricks of congealed pitch and tundra and burn them much the same way that urban homeowners use artificial partical logs sold in the supermarkets for their fireplaces.

We've also traditionally used coal for fuel. It is estimated that our Artic Slope region contains as much as one-third of the coal reserves of the United States. We Inupiat can prove aboriginal use of both our oil and coal for thousands of years. We had this fuel in such abundance on our land that it attracted national attention at a time in the United States when our political leaders were trying to extend American political and economic influence to other parts of the world, particularly in the Pacific.



In the early part of this century our Federal government created several naval petroleum reserves as part of an effort to ensure that our navy had excess to fuel for its ships. Without asking us, for it was our land, our Federal Government took 23,400,000 acres of land, an area roughly the size of the State of Indiana from us without any compensation and designated to be naval petroleum reserve number four, and this huge area came under the administration of the United States Navy. Not many people in America knew about this taking of our land in this fashion and it wasn't until the infamous Teapot Dome scandal involving a naval petroleum reserve in Wyoming that national attention was directed to these reserves, large tracts of valuable land taken from America's native people without their consent.

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Back in those days in America, you must remember, there wasn't much political sympathy with the notion of aboriginal land rights. It wasn't until 1936 that we Inupiat were made citizens of the United States. In these early days we were just beginning to understand the ways of our Federal Government and the full meaning of the creation of naval petroleum reserve number four, which we call NPR-4, didn't dawn upon us until much later. At the time, however, we wondered how our government planned to extract our coal and oil for use by the ships of the fleet.



1923 there was no effort made to explore the huge reserve for oil or gas until World War II. By then our navy has established a small research facility near Point Barrow and associated exploratory drilling led to the discovery of natural gas in 1949.

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In the south, Barrow gas field began its development. Gas was used to heat such federal facilities as the hospital, the Bureau of Indian Affairs School and the Naval Arctic Research Laboratory, but we were not permitted to collect the gas to heat our homes. By 1949, I was in my twenties and I can vividly recall the long frustrating twelve year struggle to get permission to hook our homes in Barrow to gas mains that criss-cross Barrow through our back yards.

Although it sounds incredible today, the navy was absolutely implacable in its refusal to let us use our own natural gas to heat our homes and it took us twelve full years to get approval for us to collect gas. It took a special congressional authorization in 1963 to sell our gas for fifty cents per cubic feet, a very high price at that time.

One intended to force us to help amortize the navy's gas field development costs.



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Excuse me, I have a terribly bad cold here. World War II brought oil field development opportunities to Barrow and many of our people have worked over the years in seismic exploration and gas field operations. Barrow was one of the first regional centres in rural Alaska to slide into the gas economy, and for a long time was the only village community with family incomes high enough for participation in federal home mortgage insurance and loan programs. So our experience with the oil industry and oil development dates back to World War II when exploration of NPR-4 began in 1944.

While our Indiana-sized NPR-4 was thought to contain seizeable oil and gas reserves, judging from surface evidence at least, its military status prevented normal commercial exploration and development. Such exploration as there was, was managed by small bureau at the Navy Department in Washington, D.C. with money appropriated for that purpose, but Congress never has appropriated nearly enough money to explore NPR-4 properly, so no serious effort was ever made to determine the true value of NPR-4. However, its development has become an important part of our national strategy to achieve energy self-sufficiency, and we are bracing for the impact. Whether oil exists in commercially exploitable quantities remains to be seen. However, I hear many knowledgeable people say that NPR-4 may not contain as much oil and gas economically recoverable as it has long been assumed.



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However, this speculation might be being circulated to increase pressure upon our state and local governments to hold Beaufort Sea offshore lease sales.

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It took statehood for Alaska to enable serious oil exploration in our state, and the first commercial oil field to be developed on the Kenai Peninsula near Anchorage. With statehood, Alaska was entitled by Congress to select 105 million acres of federally owned land, that is to say land taken from Alaska's Native without asking or payment. Naturally, Alaska state land officials began selecting the lands with the most immediate income potential, for our new state was very cash poor. These lands included the Kenai oil fields, and the land adjacent to the NPR-4 for the reserve, being military land, was not available for state selection. The

and gas development on native-owned lands was brought home to us when the Indian village of Tyonek on the Kenai Peninsula received several million dollars from gas leases. Tyonek, which had long suffered from poverty and destitution, was rebuilt with modern homes and utility systems and other community facilities in the mid-'60s. In fact, some of these new Tyonek Indian oil wealth was used to finance the early operations of the Alaska Federation of Natives, which began uniting the various regional native land claims into a single state-wide political movement during the last half of the 1960s.



I think you should know,

however, that the people of Tyonek ran through their oil wealth in less than a decade, and today they are poor and on the dole once again, their wealth lost through poor investments made by their lawyers and consultants. Some people worry, with some justification, that this cycle will happen many times again throughout Alaska in our post-settlement period, but I am hopeful that it won't. There is no denying, however, that the chief beneficiaries of the Alaska Native Claims Settlement Act so far have been the lawyers. The experience of the Tyonek Indians with oil and gas development in their area is instructive, however, and should be carefully studied and documented.

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The Kenai oil boom was a prelude to the Prudhoe Bay strike, and the development of Prudhoe Bay oil field upon which so many are depending to ease the energy crisis in both Canada and United States. Because we Inupiat had not lived in permanent communities in the Prudhoe Bay area for a long, long time, oil development did not dislocate any of our people, although some of us lost fishing camps and family graves were violated. Because the Federal Government has transferred its title to Prudhoe Bay lands to the new State of Alaska, the state was able to lease this land to oil corporations for exploration. The land was leased for about \$25 per acre, and 12% royalty on production. We Inupiat, who owned this land, were not consulted by the Federal Government or the State Government on any of these real estate transactions.



very callous and uncaring, even ignorant of the entire question of aboriginal land rights. Throughout rural Alaska, native villagers saw the state select lands surrounding their villages without any consultation with them, and we began to hear the state talk about limiting subsistence hunting, and imposing other limitations on our use of our land. This caused in every region of rural Alaska land claims organizations to begin. One of the things I am trying to say in this paper is that our native land claims is an integral part of oil and gas development in Alaska, and this

is also true for Canada and Greenland.

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In our Arctic Slope region of the Arctic Slope Native Association was organized in 1964, and we filed a formal protest against the transfer of federal land within our region to the State of Alaska. We claimed aboriginal title to all of the 88,581 square miles within our region. Other regional native associations were organized and followed our example, thus casting a cloud over the legal title of all of the land of rural Alaska. This brought all federal land title transfers in Alaska to a halt and in 1968, Interior Secretary Udall imposed an official land freeze that was to remain in effect until the entire native land claims question was answered, either in the Courts or in Congress. Unfortunately, our action was too late to save our title to the Prudhoe Bay oil field, federal title having already been passed to the State of Alaska.



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I repeat, in all this we were never consulted. After the state leased our land to the oil corporations, they moved into our land to behave in ways that would never be permitted today. Gravel, a most precious commodity in the Arctic, was removed from river beds and beaches without proper regard to environmental impact. The ground was used to build roads and pass over our old graveyards and our sod houses and our fishing camps, and summer camps were destroyed. Fish spawning areas were destroyed, fish were killed during seismic exploration in our lakes. The ancient caribou migration routes began being disturbed along our coast, and many of us feel that Prudhoe Bay and associated pipeline construction is to blame for what appears to our state game biologists to be a serious decline in our caribou herds.

by junk of oil exploration. We suffered serious trespass. In fact, our Federal Courts have upheld the Edwardson versus Morgan, in which the Atlantic Richfield Company has been held liable to trespass damages to ourpeople during this time. The Courts actually held that the Prudhoe Bay oil field belonged to the Inupiat people of the Arctic Slope until our title was extinguished by the Alaska Native Land Claims Settlement Act in 1971. ARCO is appealing this decision to the United States Supreme Court, and our trespass case is being defended now by the United States Department of Justice. Based upon our legal doctrine, it is clear

Our land began being littered



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Neakok, Buchholdt

that all operators now in our land and in Canada are also treapassing, and it is my hope that Canadian Courts will someday mete out the same kind of justice for Canadian Inuit as U.S. Courts have provided for us.

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The Prudhoe/oil discoveries

movement until the federal land freeze was imposed, whereupon oil industrial interests in settling our land claims was ignited and flamed to a white hot heat. Our land claims movement had tied up valuable land, our land, making it unavailable for development. This was made very clear when the State of Alaska conducted its second Prudhoe Bay lease sale in 1969 that realized \$900 million for the State Treasury. That was our land the state leased for nearly one billion dollars. Those who can understand that the fabulous Prudhoe Bay oil field was taken from us without any compensation can begin to understand the justice of our demands today.

The Arctic is owned by us, the Inupiat. It is our land. We don't mind sharing it with others, but we want to negotiate terms.

We Inupiat of the Arctic Slope and north-west Alaska provided much of the leadership of the Alaska Native land claims movement in the 1960s that led to the passage of the Alaska Native Land Claims Settlement Act in 1971. I got actively involved in a movement in 1965 and served as the first executive director of the Arctic Slope Native Association.



Later I served as executive

director of the Alaska Federation of Natives. I was in a good position to view the land claims movement from the inside. We saw an incredible solution to our land claims. We never did talk about settling it on the basis of true market value, and we understood that most Americans did not understand or agree with our aboriginal land rights, and that we were dealing with honest differences of opinion.

exist here in Canada also. During our struggle for settlement we were offered everything from outer continental shelf land to large amounts of cash. But largely because of the insistance of the Arctic Slope Native Association, we held out for land title, as well as cash. As you know, the Alaska Native Land Claims Settlement Act provides for 40 million acres in fee simple and \$1 billion in cash, plus interest over 20 years. My original corporation will receive roughly 1/12th of that.

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But the Land Claims movement

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involved more than a complex real estate transaction. While we worked toward a settlement, we also worked for local government. At the same time that our Arctic Slope Native Association filed our land claims, we began organizing our regional, home-rule municipal government under the terms of our state constitution and the Alaska State municipal code, which I had a hand in drafting when I served in our State Senate. So, we were familiar with how to organize local regional government in rural Alaska. Beginning in 1965, our work for local government resulted in the creation of the North Slope Borough in 1972.

Our land claims movement
was well under way when Governor Walter Hickel conducted the famous nine hundred million dollar Prudhoe
Bay lease in 1969. Outgoing Governor, Bill Egan, who
had led the Alaska Statehood movement and who had
presided over Alaska's Constitutional Convention had
resisted leasing Alaska's remaining Prudhoe Bay parcels
because he knew that the Prudhoe Bay reserves would
be worth a great deal more and would mount in value
very rapidly.

wait for a better oil market before leasing its only
proven oil field to the oil industry. He resisted
heavy pressure from the oil industry and his
resistance probably contributed to his defeat for
reelection. Alaska's press is dominated by the
Anchorage Times, a paper owned by a family that did very



well in the Kenai oil boom, and which is devoted to maintaining a pro-oil climate of opinion in Anchorage, where half of Alaska's population resides.

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over to Walter Hickel, Governor Egan urged Hickel to delay leasing Prudhoe Bay lands until they mounted in value, but Hickel rushed to lease these lands. He wanted to upon up rural lands for all kinds of resource development, and he saw the Prudhoe Bay sale as a way to greater economic development and state resource income over the long pull, benefits that he thought outweighed those gained by waiting for an improved market for gas and crude. The nine hundred million dollars received from the 1969 Prudhoe Bay lease sale was a pleasant surprise. Hickel's land officials had expected less, more on the order of four hundred million.

Today, the Prudhoe Bay oil field is a remarkable Arctic sight to behold. Nearly three billion dollars have been invested there to tap its proven 7.6 billion barrels of oil and 26 trillion cubic feet of natural gas. The assessed valuation of taxable property at Prudhoe Bay is 2.20 billion dollars from which the State of Alaska raises over 200 million dollars annually in property taxes, and from which our North Slope Borough realized 13.5 million this year in tax revenue.

Alaska Pipeline lie within the North Slope Borough.

We have no village near the oil field or the pipeline,

About 200 miles of the Trans-



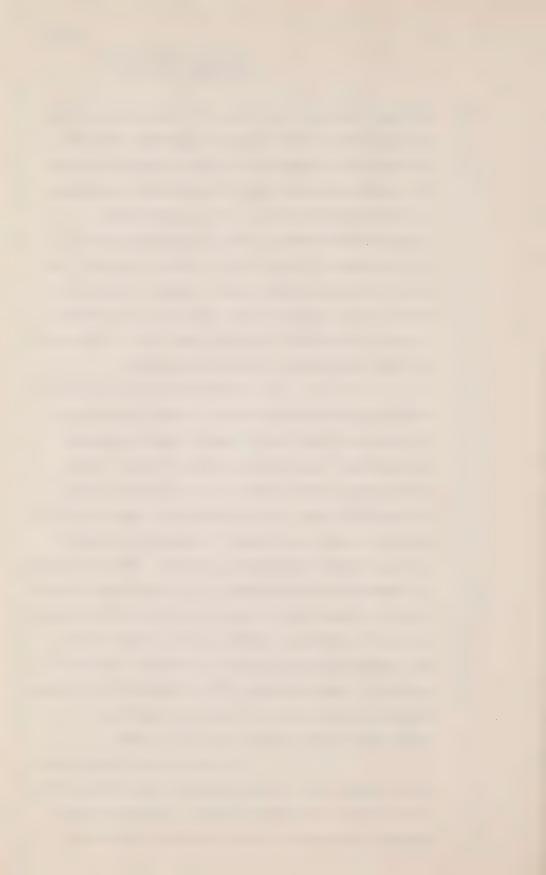
although Anaktuvuk Pass is some 50 miles west of the pipeline and for the people of Anaktuvuk Pass, the pipeline and its camp have meant no benefits at all. The Alyeska Pipeline Service Corporation could have included Anaktuvuk Pass in its sophisticated communications system, bringing telephone service to this remote village, but it failed to do so. In fact, the caribou herd stopped coming to Anaktuvuk Pass and our villages there have had to do without caribou, an ancient staple of their diet. The caribou

now use the pipeline corridor to migrate.

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Prudhoe Bay is an industrial community of transient workers. With the exception of one or two families of State airport employees at Deadhorse, there are no families there. About 2500 working men and women live at Prudhoe Bay and another 2500 work in the construction camps along the pipeline within our Borough. Presently we have a village resident population of 4,000. For tax purposes, our combined village/industry population now is about 9,000. Prudhoe Bay is served by two jet-sized airports. British Petroleum is assembling one of the largest oil field electrical generation systems in the world, capable of lighting every village in the Arctic between Siberia and Greenland if there was a means of distributing power across the Arctic coast.

We dream of an international Arctic power grid someday resulting from Arctic resource development, and making it safer. The North Slope Borough has complete utility authority and in co-

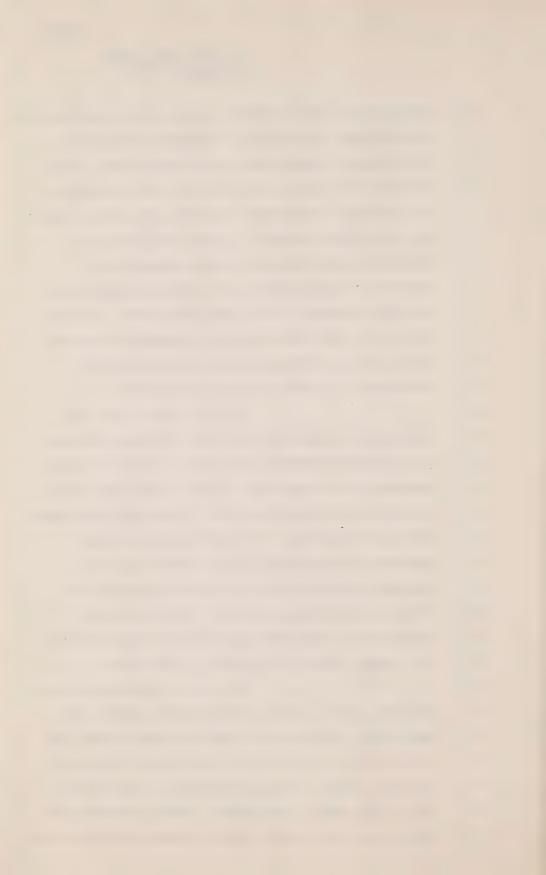


NANA Regional Corporation in Kotzebue, whose NANA
Environmental Systems acts as our Prudhoe Bay utility
operator under Borough franchise, we are developing
oil field utility systems beginning with water, sewage
and solid waste systems. I point this out as an
example of inter-regional Inupiat economic cooperation to capitalize on the economic opportunities
provided by Arctic oil and gas development. I would
like to see this inter-regional co-operation grow to
spill over our national boundaries as a national
consequence of Arctic resource development.

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operation was possible because of the powers of homerule borough government in Alaska. Control of local
government is an important economic tool with which
to protect our interests as Aratic resource development
grows and flourishes. The development of local
government for the Arctic Slope Inupiat was an
important product of the Land Claims movement and
today the North Slope Borough, with its area of
jurisdiction of 88,000 square miles is geographically
the largest single municipality in the world.

Our area is roughly the size and shape of the states of California, Oregon, and Washington. We have the longest municipal coast line in the world, and the North Slope Borough is one of the major Arctic coastal governments. Our Borough lies on two seas: the Beaufort, which we share with Canada, and the Chukchi, which we share with the Soviet



Union.

We Inupiat have always been a very democratic people, with strong traditions of local government. This is because we have always been a widely scattered people who have had to work closely together in harmony with ourselves and with nature in order to survive. Government, as such, was introduced when the whaling fleet came to the Beaufort Sea; when the trappers came to the Canadian Arctic; and when the Danes came to Greenland.

Behind them came the Christian missionaries and behind them came those who governed In Barrow, we were governed by the Bureau of Indian Affairs. When I was a boy in Barrow, we were governed by teachers, preachers, and traders. recall being drafted into the army in 1943 when my wife, Rebecca, was eight months pregnant with our first child. I didn't meet my first son until I returned from the army after the war. It was an all white draft board that drafted me when other single boys were available. Government was often very painful. We were no longer governing ourselves. Had we governed ourselves, I know my people would have let me stay in Barrow at least until I could see my wife through her first pregnancy. It was the little things like this that built up our great resolve to govern ourselves once again.

Village government in the Territorial days of Alaska provided just enough taste

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of democracy to cause us a great thirst for more, and I expect that the same is true for the villagers of the Northwest Territories and Greenland. I can recall that I specialized in local government legislation when I served in the Territorial House and the State Senate. I know and understand how important restoration of local government is to the overall land claims movement.

For it is the restoration, that which is happening in the Arctic, a restoration of democratic self-determination to all Inupiat.

Local government is not a privilege to be conferred upon us when we are ready for it. I am told that it is still fashionable in the Canadian Arctic to insist that our people are not ready for local government.

That is not true. If we had not governed ourselves, if we did not enjoy local government today in Siberia, Alaska, Greenland, Canada, it is because local government was taken away, however gently, and it has not been restored to us.

example of partial restoration of local government to the circumpolar Inupiat community. As local government goes in the United States, our Borough is probably statutorily the most powerful local home-rule government in America. The development of the North Slope Borough was a direct consequence of the development of Prudhoe Bay, which produces over ninety-eight percent of our Borough revenue. Our total annual Borough budget is 27 million dollars, half of which comes from our own



Prudhoe Bay tax levies, and the other half of which comes from various state revenue sharing programs.

Of course, most of this state support comes from Prudhoe bay also. We receive very little federal funds and we are seeking greater federal participation in our budget as a consequence of the accelerated development of NPR-4.

perspective, we Inupiat of the Arctic Slope are about 4,000 in number, living in seven small villages, with about 60% of our resident population living in Barrow. These 4,000 are served by a regional municipal government with an annual operating budget of twenty—seven million dollars, with an "A" rating on the New York municipal bond market; and which is administering a six-year, 140 million dollar capital improvement program that is being funded from municipal bond sales. This all has been an important impact of Arctic oil and gas development.

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govenment for our people is not an inevitable result of Arctic oil and gas development, however. Our people in Canada and Greenland and elsewhere in Alaska will have to struggle hard against great resistance to govern themselves. Local covernment is resisted at every tim by the oil industry in the name. of tax avoidance. Oil corporations are not people, even though politicians and bankers often behave as if they were people and have the human rights of people. A corporation has no ideological commitment to the development of democratic self-determination. The oil corporations operating in the Arctic have no commitment to the development of local government in the Arctic. On the contrary, oil corporations are committed to tax avoidance and one way to avoid taxes is to oppose the organization of local government. That has been our experience.

that Alaskans were treated during our territorial days by the Federal Government, local government organization was specifically provided for in our state constitution and is spelled out in great and easy to understand detail in our State Municipal Code. Any group of citizens in rural Alaska can petition for one of the several classes of local government, depending upon the degree of local responsibility desired. Alaska has a local Boundary Commission to oversee the organization of local government, and the decisions and rulings of this Commission are final unless modified or overturned



by the Courts. The rules to follow in borough organizations are fairly simple. We followed them, and filed a petition for a first-class borough for our entire Arctic Slope regional community, which included Prudhoe Bay. Oil corporation lawyers appeared before the Local Boundary Commission to oppose our petition, saying that it was improper for our small widely scattered population to organize such a large area into a single Municipal Government capable of imposing property taxes upon Prudhoe Ray industrial property, especially in light of the fact that none of our community lived within 150 miles of the Prudhoe Bay oil field. They said that our petition was not fair to the oil industry.

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When our Local Boundary

Commission considered our petition, I was employed
as a special assistant to Governor Egan, who had
regained the governorship in the elections of 1970.

I was able to watch out after our borough petition, and
saw it through all the steps through which it had to
pass. When the Local Boundary Commission finally
approved our petition in 1972, I resigned from the
governor's staff to run for mayor of the new North Slope
Borough.

I ran for an office that I
wasn't sure would actually exist. For some oil corporations went to Court to challenge the constitutionality
of our Local Boundary Commission's approval of our
petition. Under our law, upon the Local Boundary Commission's approval of our petition, to organize borough



government, the state was required to hold elections to submit borough organization to referendum for all registered voters within our proposed borough area, and to elect borough officials. The oil corporations tried to get the Courts to enjoin the state from holding this election, but failed. When our Superior Court held for the borough's constitutionality, the decision was appealed by the oil corporations to our State Supreme Court. When our State Supreme Court upheld our borough's constitutionality, we thought that we had won. But not so, because the oil corporations carried the battle against local government in the Arctic into the political arena of the State Legislature.

This phase of the battle, I think, is worth relating in some detail because it illustrates just what might reasonably happen to our people in the Northwest Territories as they become involved in the politics of oil in the Arctic.

It is clear now that the

first symbol of circumpolar oil politics that have

embroiled our people was the super tanker "S.S. Manhattan".

The voyage of this ship led to Canada's rapid enactment

of the Arctic Waters Pollution Prevention Act, and it

confirmed our worst suspicions about the real ability

of the oil industry to extract oil and gas from our

Arctic homeland safely and responsibly. I was pleased

that this voyage drew world attention to the environment

of the Arctic Ocean and the Beaufort Sea. Until the

voyage of the "Manhattan" I had heard a lot of loose

talk among oil industry people about what could and



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cold not happen in the Beaufort Sea. The voyage of the "Manhattan" made clear the necessity of the Trans-Alaska Pipeline. It signalled the world that the price of oil was going up.

The pipeline would have to cross state-owned land, putting the state in a good position to derive maximum benefits for our citizens from Prudhoe Bay oil production. In 1972, the State Legislature enacted a package of oil and gas revenue and regulation legislation designed to maximize state revenue, and reinforce the state's role in environmental protection and ensuring maximum employment of resident Alaskans on pipeline construction.

This legislation effort caught the oil industry unprepared, so the industry threatened not to build the pipeline unless the 1972 oil package was repealed or heavily modified. These threats were taken seriously. The oil industry's pipeline plans were under attack in Court and Congress by environmentalists. Hundreds of millions of dollars had been invested by pipeline construction contractors and vendors in the construction of a pipeline that was being delayed too long. Bankers were getting nervous. There was a lot of money on the line and a good many of Alaska's leading business men were getting hurt. The 1973 oil shortage was in full swing around the United States. This all contributed to a political climate in Alaska which Governor Egan, who had kept the Legislature in session in 1972 until they had enacted this oil package, had to negotiate with the



oil industry. The result of these negotiations was the 1973 special session of the Legislature that was called to enact new oil tax and regulatory legislation that repealed or modified much of the 1972 oil package, and destroyed the North Slope Borough's revenue authority.

we responded to this move by engaging the best legislative consultant and lobbyist in Alaska. He had an offer from one of the oil corporations, but he elected to represent the borough instead, for ideological reasons. We were able to reach a compromise that enabled the borough to retain its revenue authority, but we were limited in our ability to tax oil property to \$1,000 per capita. The state levied a 20-mill property tax on all oil production property in the state and taxes paid to the North Slope Borough up to our \$1,000 per capita limitation would be credited to the new state ad volarum oil tax. Our previous authority to tax oil in the ground — the proven oil reserves — was nullified.

Egan's Attorney-General was badly seduced by oil company lawyers as they negotiated the demise of the 1972 oil tax package, and that most of the legislation introduced in the special session of 1973, including that which nullified our revenue authority, was in fact written by oil corporation lawyers. The oil corporations play rough politics. They don't much care about the welfare of local government, and are willing even to go to the highest authority to undermine local



government in the Arctic.

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Soon after the 1973 special session of our State Legislature, we got together with the oil corporation lawyers and lobbyists and agreed to the terms of a truce. We settled a \$15 million tax dispute for \$5 million; agreed to suspend our sales and use tax for a period of time; and the oil corporations agreed not to oppose our capital improvement program and our municipal bond sales. We planned to sell bonds to raise the money we needed to build new homes, utility systems, schools and other community facilities in our villages, and the industrial utility system at Prudhoe Bay.

While all this legal and political combat with the oil industry was going on for nearly two years, we had to implement regional borough government from scratch. While we fought to defend the borugh's continued existence, we had to build a completely new regional governmental administration. We had to develop our tax rolls; begin establishing assessed valuation for all property within the borough. We had to build a regional educational system from the parts left us by the Bureau of Indian Affairs and the Department of -- State Department of Education. We had to build a Planning Department able to deal with oil and gas development, as well as those things that planning, zoning departments usually do.

Truce with the oil company meant that we could now begin building new village schools; begin electrifying our villages and provide



them safe sewer and water systems; build new roads and drainage systems and build badly needed new housing. We begin a \$140 million boroughwide capital improvements program that would mean full employment in all our villages for the coming decade. We began our capital improvement program in 1974 and construction began in 1975. We have been using the construction management approach rather than bidding our work out to contractors. This has been our policy to ensure maximum local hire on borough construction projects.

Our borough's capital improvement program has been plagued by incredible inflation. This inflation, I feel, has been one of the greatest economic impacts of pipeline construction.

When the Trans-Alaska
Pipeline was first proposed, it was said that it
would cost as much as \$900 million. The oil industry
now estimates that the final cost of the line will be
\$7.7 billion, and it is admitted that there probably
will be upward revisions of this estimate. Anything you
have heard about the pipeline construction project
is true. There has been incredible waste of manpower
and material, and poor quality control has necessitated
lots of reworking of the lines construction. All this
has created a ruinous inflationary climate in which
our own village construction projects have suffered.



Canadian Arctic must prepare themselves for undergoing a steep increase in their cost of living as a direct result of oil and gas development. That has been our experience on the Arctic Slope. Recent studies have revealed that it costs three times as much to live in Barrow as it does in Washington, D.C.

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The pipeline construction has created a highly charged, hot inflationary climate that has made it almost impossible for us to manage our community construction projects effectively. As a result, the economic benefits of oil and gas development to the Arctic community must be gauged accordingly. We know that we are building in an artificially inflated climate and our capital debt will be with us long after the boom is over, much like a hangover.

Wage inflation has been very high, and it remains to be seen whether or not our high wage rates will be supportable after the initial boom of pipeline and oil field construction is over.

I am very concerned about the long-term economic impact of oil and gas development upon our Arctic community. We are riding the crest of a high economic wave, and I fear about where it will deposit us and how hard we will land.

As we have seen, Arctic oil and gas development has resulted in such social developments in Alaska, as the enactment of the Alaska Native Claims Settlement Act, and the development of



strong local government with the creation of the

North Slope Borough. These were political initiatives
in Alaska's native people. With the development of
local government, we Inupiat of the Arctic Slope have
found that we must deal in areas in which local
government is seldom engaged. Our Borough government,
for instance, has had to evolve its own policy toward
Arctic oil and gas development that transcends our
political borders into a kind of foreign policy.

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of the reasons for this. There is only one Beaufort
Sea. It is a single Arctic ecological system shared
by the North Slope Borough, and the Northwest
Territories. We Inupiat are a single Beaufort Sea
community living under two national flags. We must
contend with two different political systems, and
two sets of rules governing oil and gas development
to protect our environmental values within our larger
Beaufort coastal community.

We Inupiat of the North Slope
Borough, downstream in the Beaufort gyre from Canada,
have a measure of local control over oil and gas
development on our side of the border, but we are unable
to influence development in Canada because we have not
yet developed local government in the Northwest
Territories. For this reason, we have undertaken to
create a circumpolar Inupiat assembly with which to
work with the multi-national oil industry to develop
a single set of rules for the industry to follow, for
safe and responsible circumpolar Arctic gas and oil



development.

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Working with the Inuit
Tapirisat of Canada, the Northern Quebec Inuit
Association, the Committee for Original Peoples
Entitlement, and the Greenlanders Association and
other Greenlandic community organizations, we have
planned the first Inuit Circumpolar Conference which
was to have been held in Barrow in November, 1976.
However, the great response to this initiative has
caused us to decide to let out more line on this
conference, and we have rescheduled our Inuit
Circumpolar Conference for the week of June 13, 1977.

One of the reasons for rescheduling our conference until next June is the strong likelihood of a new political administration in Washington, D.C., one more receptive to the development of badly-needed domestic and foreign Arctic policies aimed at insuring safe and responsible Arctic oil and gas development. Our big concern, of course, if off-shore development and its threat to our food chain.

Last March, I flew with two
of my colleagues to attend the annual general assembly
of the Inuit Tapirisat. We had arranged for leaders
of the Greenlandic home-rule movement, Greenland's
version of our land claims program, to meet us in
Tuktoyaktuk, and we returned to Barrow with the
Greenlanders, and with the leaders of the Canadian
land claims movement to conduct pre-conference planning
for the Inuit Circumpolar Conference. It was during



this period of time that we became aware of the plans of the Canadian Government to issue a drilling permit to Dome Petroleum for OCS exploration of the Tuktoyaktuk Peninsula.

As you may know, I have taken a public stand in the United States and Canada against the Dome Petroleum project in Mackenzie Bay. By doing so, I have been accused by some people for sticking my nose in other people's business, but I don't think so. There is only one Beaufort Sea and we Inupiat of the North Slope Borough depend upon the Beaufort for our food. Anything that happens to place our Beaufort Sea in danger anywhere is my business.

I wouldn't be doing my job
as Mayor of North Slope Borough if I failed to point
to the Dome Petroleum Mackenzie Bay OCS drilling
project as an example of oil industry's contravention
of our own national, state and local Borough Arctic
environmental safeguards. I feel strongly enough about
this to fly to Washington, D.C. last July to visit with
officials of the embassies of Canada, Denmark and the
U. S. S. R. to discuss the international implications
of the oil industry's Canadian OCS program.

of those diplomats I talked with, First Secretary Yatsyna, and his colleagues at the Soviet Embassy seemed to most understand and share my point of view. They, too, are downstream from Canada. I got the impression that the U. S. S. R. has a formal set of interlocking domestic and foreign policies respecting the Arctic. Because we share the

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Chukchi Sea with the Soviet Union, we Inupiat of Alaska are just as properly concerned with Soviet oil and gas development as we are about Canadian development. The North Slope Borough has 1200 miles of municipal coastline to worry about and protect from harm that could come from unproven and underdeveloped OCS drilling and extraction technology.

The problem seems to be that there is a serious technology gap between what the oil industry wants to do in the Beaufort Sea, and what the industry can now do safely and responsibly. The Beaufort Sea is not safe for oil industrial experimentation. The Artic is without much margin for error. If there's to be rapid and orderly development of Artic shelf oil and gas reserves, the oil industry is going to have to plan and behave better in the Arctic that it has been.

For this to happen, there must be better communication between our Inupiat community and responsible executives of the oil and banking industries. For until we Inupiat are satisfied that the oil industry possesses the means to develop Arctic shelf oil and gas reserves safely, responsibly, and economically, we will continue to challenge the plans of the oil industry offshore in the Arctic.

I got involved with the Dome
Petroleum project controversy when the people of COPE
in Inuvik asked me to intervene last February. They
asked me to write to the Canadian Minister for
External Affairs to inquire how the Canadian Cabinet's



Lincoln, Worl, Worl, Neakok, Buchholdt In Chief

plans to approve the Dome Petroleum project squared with Canada's Arctic Pollution Prevention Act, and this legislation's stated purpose of protecting the Arctic for us Inupiat. Our people at COPE told methat we were being ignored in Canada by the oil industry and by Canadian senior civil servants with whom they work to plan Arctic resource development. They said that we were not being adequately involved in Arctic oil and gas development planning, and that it looked to them like theoil industry and the government were going to make some big mistakes, too big for us to tolerate without speaking up with strong warning.

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Because we have established the North Slope Borough as a kind of Arctic beachhead of Inupiat self-determination, Canada's Inupiat turned to us for help when their own government officials paid no attention. I want you to know about these circumstances because many people have asked me why I got involved. It wasn't a popular thing for me to do. For many weeks, I was the only public official in the United States to publicly speak out against the Dome Petroleum project, and the silence with which my statements were met was very dispiriting. I was feeling lonely, and I began to think that perhaps I had spoken out too hastily, and that I was wrong about the meaning of the Dome Petroleum project.

In June, I attended a Beaufort
Sea Conference in Seattle hosted by the National
Oceanographic and Atmospheric Administration, and the
University of Alaska, both involved in environmental



Beaufort Sea OCS operations. Many of the Canadian
Government scientists involved in Environment Canada's
5 year Beaufort Sea project attended this conference,
and I learned from them that they had recommended
against granting government permission for the Dome
Petroleum project, and that they were either ignored
or over-ruled. And I was also assured by them that
I was right about raising public objection to this
project. They also confirmed my impression that
adequate technology for drilling and extraction has
not yet been designed or tested for use in the Beaufort
Sea ice environment.

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Government is under great pressure to co-operate with the oil industry's plans for Arctic oil/gas exploitation. This pressure is being applied in Alaska also. On our side of the border, there is great pressure on both the Federal and State Governments to conduct Beaufort Sea O.C.S. lease sales. Normally the state owns the first three miles of continental shelf from mean tide. However, the Federal Government is claiming in Court that the creation of NPR-4 included much of the near shore Beaufort Islands area that is being sought for lease by the oil industry. Because of the state's dependence upon the royalty income from Prudhoe Bay oil, oil that cannot be sold until the pipeline is completed, the likelihood of delays in the pipeline's completion has created a fiscal crisis for the State of Alaska. This year's annual operating budget for the State of Alaska totalled \$700 million. The \$900 million Prudhoe Bay lease sale bonus money is all gone. So by delaying the pipeline's completion, the oil industry has increased pressure upon the state to conduct a Beaufort Sea lease sale.

As part of the U.S. effort to achieve energy self-sufficiency, the Department of Interior has accelerated the leasing of its outer continental shelf lands, and in spite of the heated opposition of the state's Republican administration, the U.S. Department of Interior conducted its first Alaska O.C.S. lease sale in the north Gulf

of Alaska Earlier this year The Department of



Interior's Alaska O.C.S. lease sale schedule includes a Beaufort Sea sale for the fall of 1977. Last week while meeting with top oil corporation executives at Deadhorse, our Secretary of Interior said that he was going to try to speed things up. Governor Hammond has suggestedthat both the Federal and State Beaufort lease sales be integrated into a single co-operative program. The first objectives of this joint co-operation would be near-shore exploration and development in ice-fast waters where ice movem eat is not a danger. The hope is that over time the industry could develop the means to operate in deeper water where moving ice is the greatest problem facing the industry.

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I support Governor Hammond's attempt to establish a cautious and co-operative approach to American Arctic shelf development, and I expect that the North Slope Borough will be a party to this cooperation. In his letter to Secretary Kleppe, Hammond has pointed out too to the need for the U.S.-Canadian co-operation in all phases of Arctic shelf exploration and development in the Beaufort Sea. I am happy to see our governor adopt this position as policy. I feel that there must be close co-operation between the industry and government in all Arctic self operations. and I feel this co-operation must be international in scope. We Inupiat feel that safe and responsible Arctic shelf resource development must be governed by a single set of rules established by international agreements. We feel that the special problems of the



Arctic necessitate the development of an international set of Arctic policies if we Inupiat are to be able to develop trust and confidence in the oil industry's ability to conduct Arctic shelf operations safely and responsibly. But you know, I have found out that the United States has no Arctic policy as such. I wonder if this is true of the Canadian Government?

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When we considered planning the Inuit Circumpolar Conference, we were encouraged by Alaska's U.S. Senator Mike Gravel, a member of the United States delegation to the Law of the Sea Conference. He agreed to the need for strong Arctic regional community organization to help establish and enforce standards of safe Arctic resource development able to protect our land. Through his help, Ambassador John Norton Moore, formerly chief of the U.S. delegation to the Law of the Sea Conference, attended our March 1976 pre-conference planning session for the Inuit Circumpolar Conference. He described the role of regional community organization in the implementation of the Law of the Sea Treaty when it is finally completed and ratified. It may be that the international Arctic policy agreements we seek can be worked out in the context of those L.O.S. negotiations, and that our circumpolar Inupiat community can be involved in these negotiations, as well as in watching over the implementation of agreements reached. I'm hoping that our Inuit Circumpolar Conference next June will lead to a level of Inupiat community involvement reflective of our responsibilities of stewardship over our land.



There are many opportunities

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for profitable Canadian-U.S. co-operation. As you know, there is a great debate going on in Alaska about the route of the gas line to take Prudhoe Bay gas to market. Alaska politics favor an all-American route because of its maximum economic benefit to Alaska. However, national politics seem to favor an Alaska-Canadian route and the feeling is that the eastern states will join with the mid-west to lead the federal regulatory agencies and Congress to approve either of the two Alcan route applications that have been filed. Personally, I have not taken a public stand on the matter, and I won't until I learn more. I feel, however, that the gas pipeline route debate has pointed out to us how bound together we are through the mutual problems of Arctic oil and gas production and marketing. When I talk about the development of strong Arctic domestic and foreign policies, I'm hoping that both United States and Canada can unify behind common policies, even mutual marketing and regulatory agreements, so that we can deal with the oil industry with greater strength with which to protect our land, and enable our people to derive the greatest benefits from the sale of the people's oil and gas. We must work together, or the industry will work us separately. The gas pipeline debate is one

of the two debates raging in Alaska. The other is the disposition and continued use of the Trans-Alaska
Pipeline construction haul road. Development-oriented
Alaskans have put great pressure upon our State Govern-



ment to keep the haul road open as a public highway from Fairbanks to Prudhoe Bay. There are a lot of problems with that, not the least of which is cost. The borough's policy is that it would be extremely unwise to open the haul road for public use once the oil pipeline is built. That haul road is a 24-hour maintenance operation. It wasn't engineered for use as a public road. Your planners should study the Alaska pipeline haul road issue. We are learning that great political pressures can be brought to keep Arctic pipeline construction roads open for public use, and you should plan accordingly.

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New roads into the Arctic tundra are difficult to imagine, but it is all part of the politics of oil in the Arctic. The politics of oil have had a very divisive influence on rural Alaska. When our land claims were settled, the /Land Alaska Native Claims Settlement Act authorized the organization of 12 regional corporations to manage both land and money received from the settlement. Many of these regional corporations have signed exploration and option agreements with oil corporations, and several of these regional corporations have begun to appear to be politically aligned with their oil corporate partners. Suddenly, native members of the State Legislature, who used to vote as liberal demo crats, now vote with conservative urban Republicans on oil and gas legislation, thus alienating the urban liberals whose votes we could count on to pass bush legislation in such areas as health, education and local



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government. New coalitions are developing. I worry about this. I worry that while this new oil coalition may work well for the oil industry's tax avoidance, it won't work for the people of our villages. We have had to work many years to build the political friendship in the State Legislature that we enjoy, and I would hate to see these friendships lost because of the oil boom. I worry that as the market value of Alaska's oil rises, the new oil/bush coalition will prevent oil taxes from being raised accordingly, denying all Alaskans their fair share of oil revenues. There will be a tug-of-war between those of us who want to maximize state oil income for needed investment in our Alaskan cities and villages, and those who want to help the oil industry avoid taxation. I don't want to see this tug-of-war split Alaska's native leadership as it appears to be doing. I don't believe that letting oil corporations explore our land for oil obliges us to adopt the politics of the oil corporations.

This tendency to assist the oil corporations avoid taxes may extend even to the point that our regional native corporations will oppose the development of home-rule government in rural Alaska. Rather than fight for local self-determination for our people, the influence of oil corporations may lead our regional corporations to fight against it.

Even now, in fact, I wonder if we could have organized the North Slope Borough today against the opposition of my own Arctic Slope Regional Corporation, of which



I am vice-president. I worry about the direction that the politics of oil is taking among our people

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in the Arctic.

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It is happening all

over the state. It is probably happening here in the Northwest Territories. The politics of the Arctic are no longer the politics of the people but they are the politics of oil. While money is flowing freely from the \$7.7 billion, oil pipeline construction Alaska's working men and women are being distracted from the federal OCS program in Alaska, the details of which would have caused great controversy in earlier days. But now most people are for anything that will keep the boom going and the OCS program is viewed in that category. Oil boom economics are addictive; however, there is emerging a definite set of OCS politics out of Alaska's small coastal communities facing a greater threat as well as opportunities from interior OCS plans.

You should study the

case of Yakutat, a Tlingit Indian community on the north gulf of Alaska, the island borough of Kodiak and our own borough as it provides the leadership and the state resistance to the worst features of the Federal Government's plans for Outer Continental Shelf development.

The OCS program of the

oil industry is destined to become one of America's most persistent political problems.

The OCS program threatens great harmful impact to Alaska's coastal people, who are predominantly native people. "Impact" is a much heard word in Alaska. Others here from Alaska and the North Slope Borough will talk about impacts experienced and anticipated. It is all very grim. I'm reminded of James



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Arvaluk's observation in Barrow last March at our pre-conference. He said that while our first Inuit Circumpolar Conference will deal with Arctic oil development, the subject should be treated as a problem rather than as an opportunity for our people. I agree.

However, there is one positive impact that we Inupiat should enjoy from Arctic oil and gas development: access to natural gas to heat and power our villages. After fighting for 12 years, we were able to connect to gas from the South Barrow gas field in 1963. In working with Congress last year we were able to write language into HR-49, legislation that demilitarized NPR-4, that obligated the Department of Interior to guarantee us continued access to Barrow to our natural gas, and at prices that reflect just the cost of lifting the gas. This will work out to about 33¢ per thousand cubic feet, probably the lowest consumer price for gas in the United States. I feel that, wherever feasible, our Arctic communities should be connected to gas as part of the cost of oil and gas development throughout the entire Arctic. Our Arctic communities should not have to pay market price for gas, but it should be available to our villages at rates that will amortize the cost of village distribution systems, and the cost of gas utility operation and maintenance. The cost of piping gas to our villages located reasonably near gas fields and gas pipelines should be borne by the operators as a part of their Arctic investment and overhead. I have taken a public position in Alaska that this



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benefit should accrue to all Alaskans living in communities near gas operations, including Fairbanks and other larger, non-Native communities.

The problem that I see preventing this benefit being realized may lie with the apparent intention of the natural gas industry to utilize cost averaging in establishing rates; to distribute the cost of natural gas transportation evenly to all communities served by gas pipelines. Thus, our Arctic communities would therefore be required to pay the same rates as communities in our midwestern provinces and states. From our point of view in the Arctic, that would not be fair at all. We Inupiat regard the gas as our gas, taken from our land.

Access to our natural gas at cost of lifting and distribution is our right that procedes from our aboriginal land rights. If cost averaging is to be utilized, I hope that we can convince our U.S. and Canadian regulatory agencies to exempt our Arctic communities from participation in this averaging. Such exemption, such special treatment for our communities, would be an example of an Arctic policity that I would like to see United States and Canada adopt jointly: An Arctic community energy policy.

I feel diffident about commenting upon our Inupiat land claims movement here in Canada. While I am a member of our common, circumpolar Inupiat community, and all the Arctic is my land, I am not a citizen of Canada and I feel that I should not comment upon the work of our people here to secure a land



claims settlement without their authorization. But I would like to say that I don't feel that there should be any further oil and gas development in the Northwest Territories until a just and equitable settlement of the Inupiat Northwest Territorial land claims has been secured. It wasn't until the powerful oil lobby in Washington, D.C., got behind our land claims movement that we were able to secure settlement legislation. I feel that the settlement of the Canadian native land claims is part and parcel of Arctic oil and gas development in Canada, and the oil industry should join Canada's native people to secure a fair settlement as soon as possible. I feel the same way about Greenland and the OCS program underway in the Davis Strait. The oil industry should get behind the Greenlandic Homerule Movement. Our people in Greenland are not being consulted in any meaningful way as their resources are being sold out from under them. Homerule is the key to an equitable land claims settlement anywhere in the Arctic. It is the heart of the land claims movement.

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The native land claims movement is an international movement toward justice for all of the world's original people, people who owned and used the land that European refugees took, and did not pay for. This movement is alive wherever native people still survive. Last fall, I sent a representative to the first World Indigenous Peoples Conference at Port Alberni, B.C., and it was made clear that world resource development is fueling the same kind of land claim settlement negotiations as are underway in Canada.



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standards of justice mandate that Canada deals

I feel that contemporary

forthrightly with our Inupiat land claims as the first order of business in the development of Canadian oil and gas development.

Thank you very much for this opportunity to put my feelings and experience and perceptions on record here in the Canadian Arctic. I'm sorry that my illness prevented me from testifying in person. I would like to take this opportunity, however, to formally invite you, Justice Berger, to attend the first Inuit Circumpolar Conference to be held in Barrow, Alaska, beginning June 13th, 1977.

Perhaps you could arrange to convene your Inquiry there during one of the days of that week. The North Slope Borough would be pleased to cooperate with this in any way. In any event, you will be our honoured quest because we respect the work you are doing here. We will ask you to comment upon your experiences in your assignment of establishing the criteria for justice to Canada's Arctic people in the face of the world's energy crisis. Thank you.

THE COMMISSIONER: Thank you very much and please convey my thanks to Mr. Hopson for the invitation to attend the Conference next year. If we have a meeting of the Inquiry in June, 1977, it will be a reunion.

MR. SCOTT: I think we may have set aside that week for cross-examination of one panel or



THE COMMISSIONER: I think

maybe we should take a break for a cup of coffee and then continue. Mr. Scott, you might consult with Ms. Noble and Mr. Sigler about the program for the rest of the day and tomorrow.

(EVIDENCE OF ROSITA WORL, MARKED AS EXHIBIT NO. 788)

(EVIDENCE OF MAYOR EBEN HOPSON, MARKED AS EXHIBIT

NO. 789)

(QUALIFICATIONS AND EVIDENCE OF GRACE LINCOLN, MARKED AS EXHIBIT NO. 790)

(PROCEEDINGS ADJOURNED FOR A FEW MINUTES)



1 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES) (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT) MR. SCOTT: Any time vou're 4 ready, Miss Noble. MISS NOBLE: Some of our 6 witnesses have a time schedule problem in terms of getting back, so we have talked and agreed to change scheduling around so that Miss Grace Lincoln will 4 give her paper first, she's got to catch the ten o'clock plane tomorrow morning, and Bob Worl will give 11 his, I guess, tomorrow night. We do not have time 12 this afternoon. MR. SCOTT: Just so it's clear to the other participants, it's understood that Miss Lincoln will be examined by other participants 16 first thing in the morning so that she'll be free 17 to leave, and I would ask that we should all co-13 operate in making a nine o'clock start for that 19 purpose. Then Mr. Sigler will carry the evidence he was expected to conduct this afternoon and tomorrow, 21 and at the conclusion of that we'll continue with this panel. THE COMMISSIONER: Is that 24 all right? 25 MISS NOBLE: Yes, the others were planning to stay here a couple of days anyway, 27 so that will fit in with their schedule.

could you please read your evidence into the record?

MR. SCOTT: All right.

MISS NOBLE: Q Miss Lincoln,

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WITNESS LINCOLN: Yes.

I'll start with alcoholism

To understand the impact of

is a problem of immense proportions for the Alaska native population. Its rank as a killer has risen from tenth in 1960 to fourth in 1970, and is still increasing. Figures from the Office of Systems

Development, Alaska Area Native Health Service, state that the 1960 death rate attributed to alcoholism (excluding cirrhosis deaths) was 4.6 per 100,000 population, and that the rate in 1970 had risen to 41.1 per 100,000. The measurement in 1973 was 57.8 deaths per 100,000. The related problem of alcohol abuse has been observed to overwhelm and incapacitate entire village populations on at least two occasions in the past year.

alcoholism, as I view it, one must understand the Alaska native experience. Although the cultures and histories of each of the distinct Alaska native groups differ, their experience with the intrusions and ultimate dominance of non-natives and the breaking down of the old ways is the same. Whole nations of people who had created a culture that survived the harshness of the northern Alaskan climate built upon the natural riches of the land and sea in the south-east had their lives disturbed until self-sufficiency and expression began to give way to dependence on the artificial survival of welfare and the escape of alcohol use. Each of the cultures was self-sustaining before the



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incursion of the non-native cash economy. The coming of the cash economy made it seem profitable to native peoples to hunt or make the things non-natives want and use the cash to buy things that they made or caught before. When the demands of non-native buyers changed, the native peoples were thrown back on skills they had largely lost, hemmed in by pressures and laws they had not created, and caught in a conflict between the use of alcohol that had been an adjunct of the cash economy and culture, and the moralistic sobriety of non-native religion.

The most significant force for change in Alaska this year is the pipeline. The impact on the native villages as to alcoholism is as yet unmeasured officially; however, observations by myself, the regional technical assistants, and my colleagues in social welfare, indicate that serious problems loom on the horizon. The pipeline offers large wages for comparatively short stints of work, an ideal situation for the rural Alaskan who hunts and fishes on a seasonal basis and who otherwise has little or no opportunity for earning money. While this influx of large quantities of money into a rural native family unit may be beneficial, it has proved otherwise in an alarming number of cases.

I have seen a man previously earning \$4,000 a year who now earns that amount in a month, fall prey to robbery or to the temptation to squander the money for a drunken spree in Anchorage.



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also lose their chief provider as well.

So many families not only never see the money, but

These negative effects

are most noticeable in those areas where the pipeline is being constructed. However, since it draws man-power from all over Alaska, all regions are affected. The pipeline activity is only the first of oil development in the state. The outer continental shelf development is already in motion and will directly affect nearly all of Alaska's coastal villages by December of 1978. Oil development will then directly affect all 12 of the regional health corporations.

Besides the intrusion of

itinerant workers into native areas with the introduction of substance abuse, the oil development activity may itself strike at the very heart of the rural Alaskan's ability to subsist off the land.

Foremost in the most of my people, the Eskimos, and other native people of Alaska, are the consequences of oil spills and other ecological imbalances which may be caused by the oil development and procurement.

Typical of native apprehension and providing some insight into the precarious ecological balance of the Alaskan environment is this statement by Nick O. Nick, from the Kuskokwim area:

"Our land is not the same as the land in the lower 48. I've seen the outside, it's nice and sturdy land. However, here in the Kuskokwim area, here in the lower area, not the upper area,



1 it's different, it's bad. But it's good with its fish, our subsistence. This area 3 is different. The land in this area is not sturdy, it's soft and part of it is like 4 quicksand. It's like that. 5 The egg of a fish, a 6 7 white fish, is small. It's very hard to see. When it hatches, it is all eyes with a 8 body. It's very hard to be seen. When they 9 hatch, like fog, they travel in the river. 11 When I was a boy I used to see the small fish that hatched travelling like a fog. The small fish, life is very small. When something happens, or 14 15 if the current stops, it will die. And if 16 a small amount of gas is spilled, the tiny fish will die. This will happen if the gas 17 18 accidentally leaks." This statement was spoken in Eskimo, as part of the 19 testimonies spoken by Western Alaskans to the Bureau 20 of Land Management in January 30 and 31, 1975 at Bethel, 21 22 Alaska. Native Alaskans look with 23 trepidation at the prospect of a future affected by oil 24 development. As an employee from Mauneluk Association, 25 the region of my birth, said recently: 26: 27 "The pipeline brought Alaska to its knees. O.C.S. will kill it dead."

of the oil development activity on the life of the

While the long-range effect

29 1



Alaskan native is not known at this time, it does pose a threat to his already disrupted culture. I have sadly observed the disruption of cultural identity and the lessening of cessation of the traditional activities in the villages lead directly to alcoholism problems. In "Time" a very special article on alcoholism was published April 22, 1974. Dr. Charles Hudson, chief of psychiatric services at the U.S. Public Health Services' Alaska Native Medical Centre, is quoted as saying:

"The original social structure in many places in rural Alaska has been blown apart, much as it has been in central cities, the ghettos and Appalachia. The things that were important to people have been taken away, and when there's nothing to do they'll take their last buck to get a bottle and stay drunk all the time."

Reports have been gathered which link alcoholism to crime. Governor Hammond recently stated in the "An chorage Times" (June 5, 1976) that he was told that:

"80% of Alaskan crime is alcohol-related."

His figures were taken from a study by Dr. Judy Hill on:

"Alcohol. & the Alaskan Offender"

of August, 1975. Her report breaks down this 80% according to Caucasian and native.

Table 1, "Use of Alcohol at

the time of Offence":

Drinking for the Caucasian was 64%, for the

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native it was 92%, and the total was 80%.

Not drinking, at the time of offence, Caucasian 36%, native 8%, and the total was 20%.

It is clearly evident that crime under the influence of alcohol is more prevalent among the natives that the Caucasian population. One would be tempted to say that if the alcohol problem were alleviated, the crime among natives would go down drastically. My own observations have confirmed this idea.



1 1 I have witnessed ordinarily peaceful and gentle and non-aggressive rural Alaskan natives surge into a raging passion capable of great property destruction, brutality, and even murder under 4 the influence of alcohol. 6 Upon returning to a sober state, all their former qualities were regained. The .7 evidence of their behavioral lapse remain, many times 8 without the perpetrator's remembrance of the deed. This is highly suggestive that a native who no longer 10 11 drinks, though having committed a crime under the influence of alcohol, can be considered rehabilitated. Dr. Hill's data would seem 13 to bear this out, at least in the area of violent 14 crime. 16 Table 2 regarding the relationship of alcohol use and violence. Violence, Alcohol: Caucasian is forty-four percent; native, 13 forty-six percent; black, forty-four percent. Total, 19 2) forty-four percent. Violence, no alcohol: Caucasian, five percent; native, zero; black, zero. 22 Total, three percent. 24

Alcohol, no violence: Thirtynine percent in caucasian; forty-three in the native;
thirty-nine in the black. Forty percent for the total.

No alcohol, no violence: Nine

percent for the caucasian; four percent for the natives; eleven percent for the black. Total, eight percent.

Unknown variables are three

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percent for the caucasian; native, seven percent; black, six percent; coming to a total of five percent.

While violent crimes by all persons are almost always accompanied by alcohol, it is significant that among natives and blacks, one hundred percent of violent crimes took place when the offender had been drinking.

A poll taken at the Eagle
River Prison from offenders drawing a six month or
longer sentence again supports the idea that native
claim problems are more alcohol-related than the nonnative situation. The question was asked, "Have you
ever had a serious drinking problem?" Seventy-five
percent of the natives answered yes as opposed to
forty-seven percent of the caucasian and seventeen
percent of the black inmates.

Alcoholism is a major problem that has affected all aspects of rural Alaskan life.

I believe that using existing program models to meet the pressing rural alcoholism needs are complicated by the fact that urbanized approaches and urbanized conceptions of alcoholism are not necessarily applicable to the rural Alaskan village. The most successful alcoholism program in rural Alaska is the Napaskiak Alcoholism Council. Since their operation went into effect, unfunded, on January, 1975, Napaskiak villagers have disappeared from the rolls of both the Bethel and the Anchorage Sleep-Off Centers. There were frequent admissions before the program got started.

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designed, village administered and village staffed programs have the greatest chance of success. The problem facing our program is to draw out the village resources in promoting, if not actually initiating, programs appropriate to reinforce our cultural strengths which, to me, is the strongest factor available to combat alcoholism in the villages.

The next page, if I may be permitted to read it, was written as an address to the younger generation in 1964 by myself. It will give you an idea of how I felt at the time and continue to feel at this time.

After much thought and consideration regarding the state of being of my people, the Eskimos of Alaska above the Arctic Circle. I deem it necessary to begin the best type of humanitarian aiming and striving to make the world around us a better place in which to live. I believe we should modernize and up-date the old fashioned or inefficient methods which have been instituted and accepted by our forefathers as the only way possible for survival in this great land. The literal interpretation of Alaska which is in actuality, Al-ye-esk-a, modernized into Alaska, The Great Land.

Our forefathers should be commended for having endured all of the hardships imposed upon them because of the very location of their habitat. At that time, survival of the fittest was the motto. Had it not been for their ingenuity, integrity, and ability combined with kind gentleness of



Lincoln, Worl, Worl, Neakok, Buchholdt
In Chief

character and the very drive for survival, we would not be here today. To those who have gone or preceded us into the unknown, we owe a great deal. Our duty is clear. We should strive to become as strong, honest and as capable as they were. We should aim upon maintaining our legacy and in so doing, leave the very same essence of gracious living, as they knew it, to our children.

we had very little thievery, juvenile delinquency or bigotry in our midst. Today the picture is tragically different. Honesty, integrity and the strong desire for survival as well as all of the other desirable Eskimo characteristics which were so proudly prevalent are no longer in evidence. I believe this is not the only area of the world so corrupted. There are many other lands facing the very same problems we face today. I believe our communities have been contaminated by the introduction of foreign influences, well-meaning missionaries, merchants and the exploiters. This is so-called progress.

I feel we should attempt to instill the same type of courage and pride which was prevalent in the Eskimos for a number of centuries.

It was this courage and pride and stamina which prevailed in our forefathers and helped them to endure the many hardships in an extremely cruel land known for its wilderness and extremely cold nature.

The honor code was held sacred to the Eskimos. In the Eskimo family, the code of honor



was taught and upheld very rigidly. One was taught at an early age, the age of awareness, when one was Kogrimak. If the code was violated, it was dealt with by the Council members. For example, if one was known to have stolen food or articles the right hand was chopped off and seared. These people were ostracized and were outcasts of the community.

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The family was stigmatized and werebanned to live among the other people of Kotzebue (Kik-ig tagrook - island). They moved to settle in other communities or set up one of their own. This is how we have many outlying settlements surrounding us. It was considered a privilege to be allowed to live in Kik ig tagrook. No one had to lock doors or caches. Today the story is entirely different. One must batten down the hatches and make sure all windows are sealed. Alas, one must even be wary of visitors.

In Kotzebue the Council members came from leading families which had the honour bestowed upon them due to their fineness of character. This practice was an old one. The honor of becoming a leader was passed from father to son. There was always a leader of the clan. This honor bestowed upon the leader included the relating of the legends of old.

History and

sagas were passed from one generation to the next by word of mouth. This was done with great pride and also with the hope that the younger generations would



reap from the elders courage and wisdom. The only form of education was done in the family. The subject being the great art of living in a land where survival of the fittest was the motto. The fathers took their sons and taught them the art of making the very implements used for hunting and fishing. The bows and arrows, spears, harpoons all had to be made of a special material; usually jade and hardwood and flint, which could endure impacts.

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The art of making that for fishing also used in rabbit hunting. Guns were nonexistent. One had to kill an animal in such a manner so as not to damage the pelt. The clever art of killing ermine was done with great patience and a The thong was usually oogrook, narrow but thong. tough. It was made into a noose and held in readiness at the ermine's place of abode, at the entrance and when he ventured out to forage for the food, his head was caught in the noose and the ermine was choked to death. With this method, the pelt was perfect without any holes in it and was highly prized. Ermine was usually given as presents to the leader to express good wishes and denote great honor by the people of the community.

The women of the family were actually the backbone of a family. She was the one who took care of all of the husband's catch. Everything was utilized of the seal. The hides made the mukluk bottoms which the women tanned and crimped with their teeth to shape the mukluk bottom. The bowel of the seal



Lincoln, Worl, Worl, Neakok, Buchholdt
In Chief

was cleaned and dried. When sewn together with sinew, one could make waterproof clothing which were light but durable. Windows were made from the seal bladders. The meat was dried and stored in seal oil for winter use. Women did the berry picking, the gathering of edible green vegetables, wild onions, celery, cauliflowers, leaves, new and young; chard, sour dock and edible roots called mussoo.

Baskets were made of birch bark. Cooking was done by heating stones large enough to cover a dugout place in the earth lined with flat rocks and the meat was placed in this dugout with water and the heated stone was placed firmly on top to stop the escape of steam. This was the art of cooking meats and vegetables.

Cleanliness was a must.

Moss was used after it was dried to place in a baby's diaper which was made of fur. The moss was changed whenever necessary. These people of old had steam baths, communal, for bathing purposes. Men and women, very sophisticated in their attitude to life without shame, participated in this practice. After a steam bath, one went to a communal bath and rinsed in clean, tepid water.

One took pride in being well-clothed. Designs were often derived from legends to depict a story or shaped as the planets, the sun, moon, stars, et cetera. Women took great pride in being able to clothe a family properly and prettily in precious furs.



Children were cherished. No child was ever spanked. Spoken to, perhaps, but never struck. Verbal scoldings were enough to keep children in tow. They were well fed and clothed.

12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |

Today one must resort to locking doors, guarding oil tanks as there are those of us who are base enough to consider it honourable to obtain food and articles by thievery. This is indeed a very ugly picture, but so very true. This is inexcusable and speaks poorly for the people of our community. Is there no pride or even shame left?



Lincoln, Worl, Worl Neakok, Buchholdt In Chief

It is the people of

our community as well as the outlying villages for which I worry. I am saddened to learn that a great majority of our people are becoming economic cripples. So many are receiving welfare. This, I feel, is an insult to their inherent pride. I feel that this has inadvertently sapped the strength as well as the pride from the people in this depressed area. I believe Uncle Sam has become a symbol of the great white protector and although the they, the U.S. Government, are well-meaning and intend to help, it is at the same time crippling the incentive to strive for a better standard of living in the Eskimos themselves.

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Eskimos, as a rule,

have been known to be strugglers, a courageous and a proud people, and self-sufficient.

I believe our beautiful

hospital here in Kotzebue is just so much frosting on the cake and until the major problems which face us today, such as proper housing, running water and plumbing are dealt with, then we can expect to keep our hospital full of poorly kept children subjected to poor housing, water contamination and no sewage.

I feel we are on the threshold of a new era. I am hoping that we may soon realize a certain sense of security and that we shall be able to strive in our goals of faith, liberty, and the pursuit of happiness which is our heritage.

Education is on the

upswing. We are soon to have a high school. Perhaps



Lincoln, Worl, Worl Neakok, Buchholdt In Chief

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can be proud.

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satisfactory.

I believe we should all strive to work out some place to alleviate the varied problems of our society. Groups of people are capable of facing and correcting problems together if they so desire.

I believe bigotry and

hypocrisy have no place in a community such as ours. After all, there is only one super being to whom we all pray and revere. No matter the denomination of church to which you aspire.

in a few years we can rebuild a community of which we

We will aim high and be happy to improve the standard of living as it is now here in Kotzebue. I believe the young people will be instrumental in obtaining many of these goals. You young people have had the advantages of an education in the ways of American life. You can be our guides and leaders of this community and do so with pride.

There has been much exploitation of our people, but also there is the good -the schools and our pride of the community -- the hospital. Too fast, we are losing our identities and Eskimo characteristics -- chiefly, honesty and humility, which are our proud heritage. We have much to treasure and preserve and of these qualities, I believe honour and courage to be of greatest importance.

MR. SCOTT: Mr. Commissioner, I propose that we should adjourn now, Mrs. Lincoln having finished, until 9:00 sharp in the morning if that's



Lincoln, Worl, Worl Neakok, Buchholdt In Chief

In Chief

THE COMMISSIONER: All right.

We'll adjourn until 9:00 sharp in the morning.

(WITNESSES ASIDE)

(PROCEEDINGS ADJOURNED UNTIL SEPTEMBER 22, 1976)

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Vol. 188
Mackenzie Valley pipeline inquiry:
September 21, 1976 Yellowknife





MACKENZIE VALLEY PIPELINE INQUIRY



IN THE MATTER OF APPLICATIONS BY EACH OF

(a) CANADIAN ARCTIC GAS PIPELINE LIMITED FOR A RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS CROWN LANDS WITHIN THE YUKON TERRITORY AND THE NORTHWEST TERRITORIES, and

(b) FOOTHILLS PIPE LINES LTD. FOR A RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS CROWN LANDS WITHIN THE NORTHWEST TERRITORIES

FOR THE PURPOSE OF A PROPOSED MACKENZIE VALLEY PIPELINE

and

IN THE MATTER OF THE SOCIAL, ENVIRONMENTAL AND ECONOMIC IMPACT REGIONALLY OF THE CONSTRUCTION, OPERATION AND SUBSEQUENT ABANDONMENT OF THE ABOVE PROPOSED PIPELINE

(Before the Honourable Mr. Justice Berger, Commissioner)

Yellowknife, N.W.T.

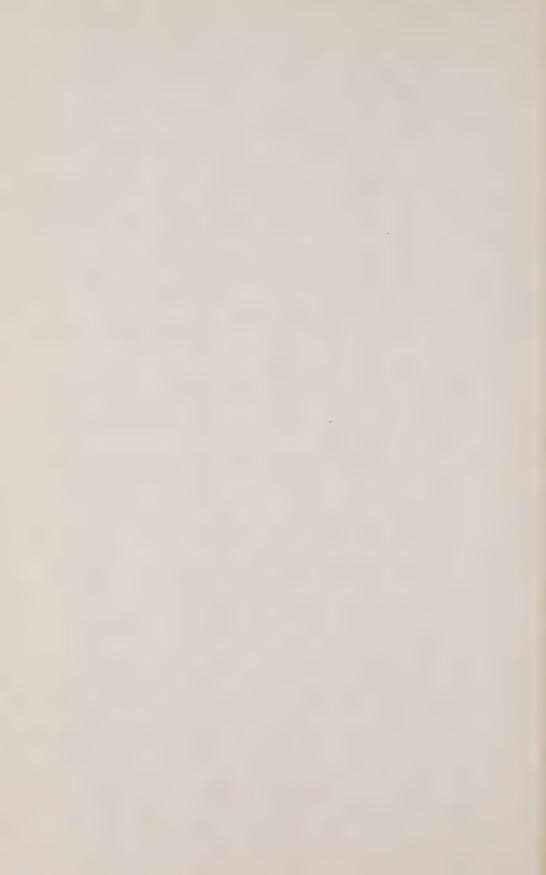
September 22, 1976.

PROCEEDINGS AT INOUIRY

Volume 189



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2	Mr. Ian G. Scott, Q.C., Mr. Stephen T. Goudge,	
3	Mr. Alick Ryder, and Mr. Ian Roland, for	Mackenzie Valley Pipeline
4		Inquiry;
5	Mr. Pierre Genest, Q.C., Mr. Jack Marshall,	
6	Mr. Darryl Carter, and Mr. J.T. Steeves, for	Canadian Arctic Gas Pipe-
7		line Limited;
8	Mr. Reginald Gibbs, Q.C., Mr. Alan Hollingworth, and	1
9		Foothills Pipe Lines Ltd.;
10	Mr. Russell Anthony, Prof. Alastair Lucas and	Garania and the same
. 11	MI. Galth Evans, for	Canadian Arctic Resources Committee;
12	Mr. Glen W. Bell and	Nowhbreach Many's
13	Mr. Gerry Sutton, for	Northwest Territories Indian Brotherhood, and
14		Metis Association of the Northwest Territories;
15	Mr. John Bayly and	Truit Mariniant of Govern
16	Miss _{Lesley} Lane, for	Inuit Tapirisat of Canada, and The Committee for
17		Original Peoples Entitle- ment;
18	Mr. Ron Veale and Mr. Allen Lueck, for	The Council for the Yukon
19	ri. Allen laeck, 101	Indians;
20	Mr. Carson Templeton, for	Environment Protection Board;
21	Mr. David H. Searle, Q.C.	
22		Northwest Territories Chamber of Commerce;
24	Mr. Murray Sigler and for	The Association of Munici-
25	Mr. David Reesor,	palities;
26	Mr. John Ballem, Q.C., for	Producer Companies (Imperial Shell & Gulf);
27	Mrs. Joanne MacQuarrie,for	
28		of the Northwest Territor-
29	CANADIAN ARCTIC	347
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Miss G.E. Lincoln Cross-Exam by Scott

Yellowknife, N.W.T.

September 22, 1976.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MISS GRACE E. LINCOLN resumed:

MR. SCOTT: Mr. Sigler, have

you any questions of Miss Lincoln?

MR. SIGLER: No sir, 1 don'...

MR. SCOTT: Mrs. MacQuarrie

isn't here. Mr. MacLachlan?

MR. MACLACHLAN: I have no

questions.

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MR. SCOTT: Arctic Gas?

MR. ZISKROUT: I have no

questions.

CROSS-EXAMINATION BY MR. SCOTT:

Q Miss Lincoln, I have
two questions. In paragraph 1 of your paper you
refer to the statistics from the office of Systems
Development which sets out the death rate attributed
to alcoholism, at three periods. I wondered if there
were any figures for Alaska that revealed the death
rates from alcoholism on a Caucasian and native basis?
Or alternatively, on a resident versus in-migrant
basis?

A Have you ever been to

Alaska?

Q As a matter of fact,

no, but I'm going soon.

A I would very much like



Miss G.E. Lincoln Cross-Exam by Scott

	Cross-Exam by Scott
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e e desa	you to investigate this matter yourself. We have had
3	very little in the way of statistics until quite
1	recent, and that was only because we demanded statist
5	to back up some of our grant proposals.
6	Q The reason I ask the
-7	question is that the other statistics that are given
3	in Tables 1 and 2 are divided on a Caucasian and
ά,	native basis, and those statistics may tell us some-
10	thing about the deaths related to alcohol
11	A These were two
12	distinct
13	Q in in-migrants and
1.4	native Alaskans, and I wondered if for the figures fo
15	1960 and 1970 and 1973 that you gave in paragraph 1,
16	there was any similar breakdown available that you
17	knew of?
18	A Yes, there is. A Dr.
19	Judy Hill has made it her business to gather data
20	and that was borrowed from her papers.
21	Q Do you think that if
22	those statistics are available you could make them
23	available to Mr. Bayly so he could send them to us?
24	A I believe I sent them
25	as backup. I may not have. If I didn't, I have it
26	in my brief case.
27	MR. BAYLY: We'll check and
23	see if we have that, Mr. Scott.
29	MR. SCOTT: Thank you, Mr.

30 1

Bayly.



Miss G.E. Lincoln Cross-Exam by Scott

On the sixth page of your paper when you talk about alcoholism programs, you say that the most successful alcoholism program in rural Alaska is the Napaskiak Alcoholism Council. What I'd like to know is, is there any descriptive material available on the work of that council or on its program that we could have so that we could see precisely what they're doing and how they're doing it?

A Yes sir. From the Upiktuk Vista region, which is the non-profit arm of the Chilista Corporation, this is well-documented. This was approved but unfunded by our N.I.A.A.A.

Q So there will be for that council a written program of what they're doing and how they're doing it, and their results?

A Yes sir. It's all -- I forgot to mention that it was a volunteer program.

These are not paid people. These people are interested and furthermore, they are concerned about the native people and the vanishing native people.

Q Well, could you get that material together and give it to Mr. Bayly so he can circulate it to us?

I'd be very happy to.

MR. SCOTT: All right, thank you. Those are all the questions I have. Thank you, Mr. Commissioner. Thank you, Miss Lincoln.



Miss G.E. Lincoln

THE COMMISSIONER: Well, thank you very much, Miss Lincoln. We appreciate your taking the trouble to come to Canada to give us 4 the benefit of your experience. We certainly enjoyed having you. A It's been my pleasure. €. 7 THE COMMISSIONER: Thank you. (WITNESS ASIDE) 8 MR. SCOTT: And I think you caught the plane, if you're lucky. Mr. Sigler, I think any time 11 you're ready. 12 MR. SIGLER: If we could 13 6 14 | just stretch for a couple of minutes. THE COMMISSIONER: O.K. 16 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES) 17 18 13 20 21 22 24 25 26



(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. SCOTT: Anytime you're

ready, Mr. Sigler.

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MR. SIGLER: Mr. Commissioner, we're at the stage in the Association's evidence where we're starting at our third panel today which will be talking about territorial fiscal arrangements giving the sources the territorial government fundings, that being the source of funding for the municipalities.

I believe the witness resume is together with the papers of Mr. Lafferty and Mr. Nickerson. They have been filed. Mr. Nickerson and Mr. Lafferty have been sworn in.

DAVE NICKERSON, affirmed: BILL LAFFERTY, affirmed:

DIRECT EXAMINATION BY MR. SIGLER:

MR. SIGLER: If I could start then by going briefly through their resume starting with Mr. Lafferty. Mr. Lafferty, you're a member of the Legislative Assembly of the Northwest Territories?

WITNESS LAFFERTY: Yes.

Q For Mackenzie-Liard?

A Yes.

Q And you're also a member

of the Northwest Territories Water Board?

A Yes.

Q A member of the Fort

Simpson Housing Authority?

A Yes.

Q Chairman of the Legislative

Assembly's Planning Committee on Finance?



14		A	Yes.
		Q	You are also President
2	of Local 52 of the Metis	Assoc	ciation?
* '		A	Yes.
		Ŏ	You're forty-five year
4.1	of age?		
7.1		A	Yes.
3		Q	And your occupation is
*	journalism?		
7:		A ·	Yes.
The state of the s		Q	The experience that
2	you've had, you worked as	an e	editor for six years;
51	a building contractor; a	logge	er in coastal United
4	States and B. C. in Canad	a; yo	ou've done military
5	service with the Royal Ca	nadia	an Engineers, having
€ .	served in the Suez crisis	from	n 1956 to 1957 and
7	earlier you worked as a d	eckha	and and pilot on the
3	Mackenzie River from 1946	to]	1952? Is that correct
9		A	Yes.
0		Q	Mr. Nickerson, you've
1	been a resident of Yellow	knife	e in the Northwest
2	Territories since 1965?		
3		WITNE	ESS NICKERSON: Yes,
4 .	that's correct.		
.51		Ω	And you're the elected
+	member of the Northwest T	errit	tories Legislative

Q And you were elected to

A Yes.

that position in 1975?

Assembly for Yellowknife north?



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A Yes.

Q And you're Chairman on the Special Committee on Revenue of the Northwest Territories Legislative Assembly?

A Yes, sir.

Q And you're a member of the Association of Professional Engineers of Alberta and Society of Professional Engineers of the Northwest Territories?

A Yes.

Q And you have travelled extensively throughout the west or Northwest Territories while being engaged in mineral exploration over the last ten years or so?

A Yes, sir.

Q Thank you. I am going to ask you, Mr. Lafferty, to read your paper that explains how the Territorial budget is arrived at.

I take it you are giving this evidence because of your position as Chairman of the Finance Committee of the Legislative Assembly?

WITNESS LAFFERTY: Yes.

In presenting this brief on the basis of developing a budget, I am limiting my comments as contained in this brief before you. I am honored and thankful for being given the opportunity to sit on this panel and to you, sir, and all those concerned.

As many of you know that I am new to my work as entrusted to me by my colleagues and members of the Legislative Assembly of the Northwest



Territories. However, this is not to say I am not capable of learning and I am learning in spite of myself and conditions in which I work.

In government, the concept of a budget is a confusing one with terminology such as main estimates, supplementary estimates, fiscal framework, expenditure budget and revenue budget being widely used.

This confusion results largely because different pieces of government's budget are presented at different times of the year and it is often difficult to relate one part of the total budget to another. In basic terms, a budget represents the annual action plan of government. Although in budget documents, it is the cost that is highlighted and normally discussed, not the action plan.

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In creating a budget, it is normally discussed—it is normally necessary to look at a number of components including the following:

- a) determining the size of the budget consistent with funds available from all sources.
- b) allocating the budget funds between departments of governments and between activities with departments.
- c) ensuring that sufficient reserves are retained
 within the total budget so that enough funds
 are available to pay for unforeseen problems,
 opportunities or issues which are likely to
 develop during the year and presenting the
 various components of the budget to the Council of



the Northwest Territories so that Council can provide
the legal authority for government to carry out its
action plan.

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Although each of the above are related to each other, they will be treated separately under those headings.

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The size of the budget for
the Government of the Northwest Territories, the size
of the budget is a product of discussions carried
out between the Commissioner of the Northwest Territories
with the support of the Minister of Indian & Northern
Affairs, on the one hand, and the Federal Treasury
Board on the other. This form of negotiation for
federal funding is required because the tax base of
the Northwest Territories is not adequate to support
the level of services which the Northwest Territories
Council, the Commissioner, and the Minister of Indian
& Northern Affairs feel is necessary to meet Territorial
needs.

As there is a very substantial gap between the desired level of service and the funds available, the Federal Government provides a deficit grant designed to make up the difference between funds available and the cost of an agreed level of service. In advance of consideration by the Treasury Board, Cabinet and Parliament, preliminary discussions take place within the context of the inter-governmental Committee on Finance, composed of the Government of the Northwest Territories, the Department of Indian & Northern Affairs, the Treasury Board Secretariat, and the Federal Department of Finance.

The negotiating relationship between the Northwest Territories team and Treasury



Board team has been evolving since the establishment of the Northwest Territories administration. During the period immediately following the transfer of responsibilities from the Federal to the Territorial Government, budget responsibilities from the Federal to the Territorial Government, budget discussions took place between the Territorial Government and the Treasury Board in a manner similar to that for a Federal Government department.

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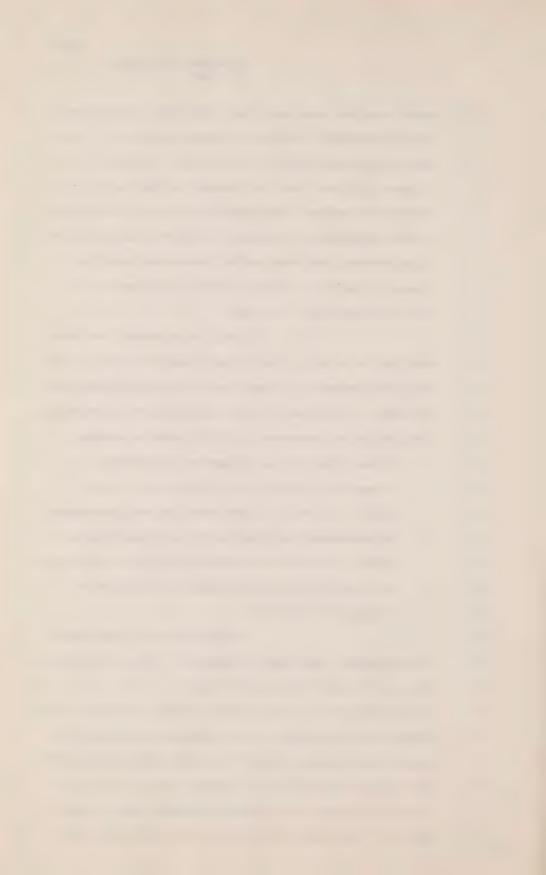
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Their relationship has been emerging to a point that a new system is now in place. This new system was summarized by the Honourable Judd Buchanan in his speech to the Council of the Northwest Territories on February 13, 1976, when he stated:

"A new financial arrangement is evolving between the Federal and Territorial Governments, one which is now based on the government to government approach which provides greater fiscal autonomy and flexibility while satisfying the needs of both governments for effective budgetary controls."

During this new government to government approach, a number of factors determine the size of the Territorial budget.

- (1) An analysis is made of the federal and provincial expenditure .patterns, which helps to determine the general percentage range of possible budgetary growth.
- (2) Detailed analysis are carried out of the cost of current Northwest Territories programs, and on the basis of the detailed analysis, forecasts are made of



the costs of carrying out the same level of service in future.

One example which might be used is the cost of running a school system to satisfy the needs of 11,000 students during the school year.

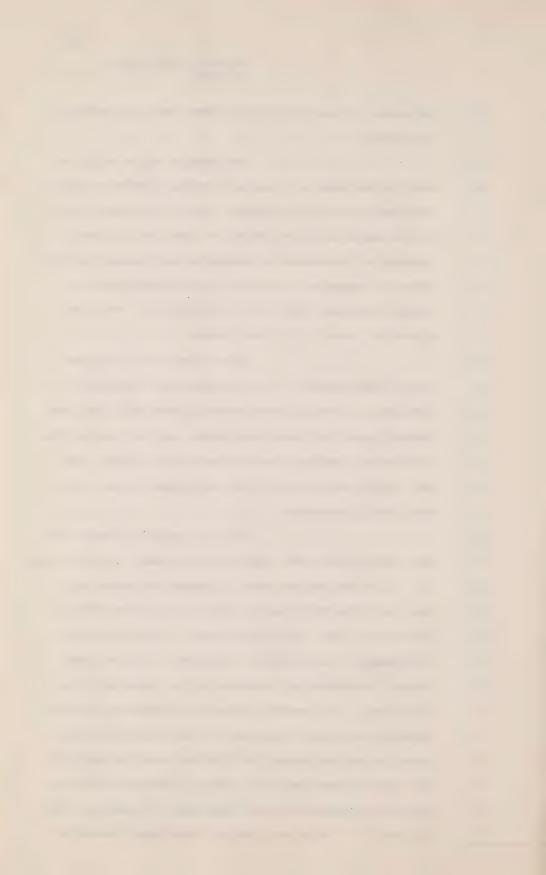
On the basis of those costs, an analysis of both changes in the number of students and changes in such costs as teachers' salaries, building maintenance, school supplies, etc., it is possible to forecast education costs for future years.

By analyzing the programs of all departments of the Territorial Government, forecasts of future year costs of providing the same general level of total government service can be made. Discussions between the Northwest Territories team and the Treasury Board team take place within these mentioned frameworks.

and analysis has been split into a number of components

(1) Calculations are made of operating costs and
the yield for Territorial taxation and from federalprovincial cost - sharing programs. The Territorial
Government is an eligible recipient of funds from
federal cost-sharing programs on the same basis as
provinces. In general terms the difference between
expenses and total revenues is the federal deficit
grant to the Northwest Territories which is provided
through the Department of Indian & Northern Affairs.
Separate calculations are also made for capital expenditures

with the Federal Government providing



through special loans and grants all the resources available for capital funding for spending purposes.

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As well, the various components of the budget are broken into two categories: The A-budget and the B-budget.

The A-budget refers to the calculation of future year costs of carrying out existing programs, assuming that the only changes in the programs will be unit cost changes. Price changes resulting largely from inflation, or changes in volume, changes in population served by various programs or in such things as the square footage of buildings being maintained, etc. The B-budget refers to amounts specifically agreed to by the Federal and the Territorial Governments as additions to the deficit grant so that the Territorial Government can carry out new initiatives.

Allocating the budget. The process of allocating the Territorial budget between various departments and programs is the responsibility of the Northwest Territories Executive Committee and its executive sub-committee on finance.

Once the total size of the budget is known, the Executive Committee can initiate changes to the budget of various departments. Expansion programs can reduce the budgets or other programs in accordance with the express direction given by Territorial Council, and the identifiable needs of northerners. Among the important changes to the budget or spending plans of the Government of the Northwest Territories in recent years is the transfer of



responsibility from the Territorial Government to hamlets, as new hamlets are created.

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When the Territorial

Government—when hamlets are created, funds are taken from a number of departments and placed in the budget of the Department of Local Government. The Department of Local Government provides these funds to the hamlets as contributions.

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The hamlets, in turn, spend their money rather than having employees of the Government of the Northwest Territories just make those expenditures directly. Each year a large number of major and minor changes to the budgets of departments are made by the Northwest Territories Executive Committee in this way. In making these changes, the Executive Committee assesses the wishes of Territorial Council, native associations and various groups, such as the Northwest Territories Association of Municipalities, in order to make adjustments to the budget, reflect the changing priorities and needs.

A constituency reserve.

Spending plans are finalized well in advance of each budget year. For example, during the period, August through November, the budgets are being finalized for the fiscal year, commencing the following April lst. It is therefore clear that forecasting errors will be made as costs of wages, goods, services, construction projects, et cetera, can change due to unpredictable price changes.

Also, there are bound to be errors in the forecasting of the number of students,



welfare recipients, gallons of fuel oil used, et cetera. As a result, it is necessary to hold a reserve at the beginning of the fiscal year in order to ensure that there are funds to support these unforeseen cost changes as well as unforeseen needs, such as the cost of repairing storm damage in a Baffin Island community, unforeseen equipment failure in a Mackenzie Valley community or a number of unpredictable minor events throughout the Northwest Territories, all of which require funds.

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29. ≥n Therefore, a portion of the available funds are not committed through main estimates at the outset of each fiscal year as experience has shown, that some funds must be held in reserve to fund constituencies—or contingencies.

which is largely responsible for the variances between the size of the Territorial budget for a year and the amounts allocated and committed through the main estimates. Seeking Council authority. Prior to the commencement of each fiscal year, a set of main estimates are presented to Council representing the major package of spending plans presented by the government.

The government includes about ninety-two percent to ninety-seven percent of its anticipated total requirements in this budget. For some departments, the main estimates provide the total funding requirement required by the department.

In accordance with established



parliamentary practice, Council's approval of estimates provide the government with a maximum authority to spend money. Therefore, as some department's main estimates may contain more than it is actually going to be required during the total year, not all the funds actually approved by Council are spent.

As the Council approved program is implemented during the year, the executive often becomes aware that changes are required. On occasion, the executive will direct that some approved projects not proceed and consequently some money in the budget is frozen. At the same time, the Executive Committee agrees that additional funds are required to support other needs. These other needs are then presented to Council in a form of supplementary estimates which provide further spending authority.

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the past nine years the financial relationships between the Federal and Territorial Governments have evolved from a situation where the Territorial Government was treated in a manner similar to a Federal Government Department to the present position where the financial discussions take place on a government to government basis. In determining the size of the budget, the Commissioner, with the support of the Minister of Indian and Northern Affairs negotiates with the Minister of the Treasury Board or the Ministers of the Treasury Board on behalf of the Government of the Northwest Territories.

Once the size of the budget is



agreed to, the Executive Committee of the Northwest
Territories has the responsibility of dividing the
total budget between various needs, subject, of course,
to Federal-Territorial agreements dealing with such
things as hospitals, social assistance, manpower
training, and similar matters.

MR. SIGLER: Thank you, Mr.

Lafferty.

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THE COMMISSIONER: Excuse

me, Mr. Sigler. Sorry, Mr. Sigler.

MR. SIGLER: Mr. Nickerson,

could I ask you to read your paper?

WITNESS NICKERSON: Yes, Mr.

Sigler. I think Mr. Commissioner, before I get into presentation proper, I'd like to give a certain explanation as how I came to prepare it. It was done at the request of the Northwest Territories Association of Municipalities. They wrote a brief letter to me outlining that they would like me to present a paper on pipeline taxation, a subject about which I'm afraid I don't know very much. I certainly don't pretend to be an expert.

They didn't give me any kind of direction as to what should or should not be in this presentation. So, I compiled something which is basically my own views and this was then presented to the Association of Municipalities who, although I presume there's nothing they violently disagree with, otherwise they would have told me to rewrite it or not to come here at all; I would imagine they support



say ninety percent of it. I can't say whether they support it one hundred percent or not.

So, that's the position.

Basically it's my ideas and they come with a good deal of support from the Association of Municipalities.

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Nickerson, Lafferty In Chief

1 Brief proper under the 21 preamble, Mr. Commissioner, finding myself in 3 agreement with the two basic concepts regarding public 4 revenues accruing from the proposed Mackenzie Valley 5 Pipeline held by the Northwest Territories Association 6 of Municipalities, namely: 7 That a significant portion of revenues generated 8 through development of northern resources should be 9 retained in the Northwest Territories thereby moving 10 the Territories towards a position of fiscal and poli-11 tical autonomy; and 12 B. In order that all persons in the Territories can 13 benefit from such revenues, not just those living 14 in communities in close proximity to the proposed right-15 of-way, much of the revenue should accrue to the 16 consolidated revenue fund of the Government of the 17 Northwest Territories. 18 I am pleased to accede to the 19 request of the Association that I present this brief 20 to the Inquiry outlining my views on the subject of 21 pipeline taxation. 22 Since I do not pretend to 23 be an expert in this field, I intend to keep my 24 remarks simple and of a general nature, and thereby 25 avoid having to answer difficult questions from the 26 various people who might pose them to me. 27 Second section deals with 28 property taxation. Initially, at least, most of the 29

revenues collected by municipalities and the Territorial

Government will likely be by way of property taxes



on the pipeline. The authority to impose and collect such taxes is clearly given to the Commissioner in Council by Section 13 of the Northwest Territories Act, which states as follows:

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"The Commissioner in Council may, subject to this Act, and unfortunately any other Act of Parliament of Canada, make ordinances for the government of the Territories in relation to the following classes of subjects, namely:

(a) direct taxation within the Territories in order to raise a revenue for territorial, municipal, or local purposes."

Under the sub-heading,

"Taxation within a municipality", within a municipality
the Commissioner in Council has delegated his powers
of taxation over pipelines to the municipality.

Section 227(2) of the

Municipal Ordinance states as follows:

"A pipeline or part thereof situated in a municipality is liable to taxation by the municipality and shall be assessed in accordance with the regulations prescribed by the Commissioner."

In my opinion, this is only right and proper and I would have this state of affairs continue. Some people have noted that certain communities might unfairly benefit from such an arrangement whereas another community located just a few miles from the pipeline would not directly receive moneys from municipal pipeline taxation. However, judicious



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Nickerson, Lafferty In Chief

allocation of funds on the part of the Territorial Government could help to overcome this problem and the alternative, to my mind, departs too much from usual Canadian practice to be acceptable.

I would be opposed to unduly extending municipal boundaries for long distances along the pipeline right-of-way for the sole reason of allowing them to impose taxes thereon.

It is of interest to note that the method of assessing pipelines in municipalities is to be specified by the Commissioner thereby preventing municipalities from irresponsibly imposing too high a levy. I don't really know if they'd do that, but — as local Government in the Northwest Territories matures it would be expected that this provision could be dispensed with.

Outside of a Municipality", Sub-section 17(2) of the
Taxation Ordinance, which applies to lands outside of
a municipality, reads as follows:

"A pipeline or part thereof is liable to taxation by the Territories and shall be assessed in accordance with regulations prescribed by the Commissioner."

During the 1975-76 fiscal
year the Territories collected a little over
\$55,000 from levies on pipelines and ancillary facilities in the Pointed Mountain area. The mill rate
established by Commissioner's order is set at 25 mills.
I think that's 15 mills for education taxes, and 10



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mills in general. Or put another way, taxation would amount to \$25 million for each \$1 billion of assessed value.

The importance of these potential revenues to the Northwest Territories can be seen in relation to the 1976-77 Territorial budget, which has a total projected income of \$215 3/4 million, of which \$189% million is to be provided by way of grants, loans, transfer payments, etc. by the Federal Govern-This huge deficit amounting to nearly \$200 ment. million is a source of acute embarrassment to people involved with Territorial finances, and we would dearly like to become less of a burden on Canadian taxpayers in general. We see the development of hydrocarbon and other natural resources in the north as the key to a much greater degree of self-sufficiency. We look forward to the day when we will be able to use some of our revenues for the benefit of those in less fortunate areas of Canada just as they have helped us over the years.

Under the sub-heading "Assessment Rates for Pipelines", the matter of pipeline assessment rates is of paramount importance. The present rates are ridiculously low and bear no relation to actual fair value. Using the rates specified in Schedule "A" to Commissioner's order 181-74 the revenue to the Territories for a 700-mile length of both 42-inch and 48-inch pipeline are tabulated below, and in the table here you will see that both for 42 and 48-inch pipe the assessment rate is in the



Nickerson, Lafferty In Chief

region of only \$10 a foot which would bring a tax

of something less than \$1 million a year to the

Territories, which in my mind would hardly be sufficient.

Admittedly, the above does not

include taxes on ancillary improvements such as compressor stations, maintenance camps, etc., but it does indicate the appallingly low revenues which would accrue to the Territories if the present assessment rates were to be retained.

The solution to the problem is obvious. The rates must be made to approach fair actual value and I would suggest that pipelines be taxed at 66 2/3% of such fair actual value just as are many other improvements, or most other improvements in fact, except for railway track and things of that nature.

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Many other improvements are specified in Commissioner's Order 477-73. It would be my supposition that revenues to the Northwest

Territories, resulting from the operation of a pipeline system such as that proposed by Arctic Gas, should on no account be less than fifty million dollars per annum and that should the Territories be unable to extract that amount by way of property taxation, it would lead us to press vigorously for some other form of taxation such as throughput taxes, etc.

Section three, income taxes.

Some very interesting developments are taking place at the present time with regard to income taxes in the Northwest Territories. Although taxation of income is a field of jurisdiction given to the Territories by virtue of the Northwest Territories Act, it is obviously impractical and would be grossly unfair to Territorial individuals and corporations to impose such taxation without a contemporaneous abatement of Federal surtax.

At the last session of the Northwest Territories Legislative Assembly the members unanimously endorsed a recommendation put before them dealing with the early introduction of a bill to impose a Territorial income tax and we have been given to understand that the Federal Government is willing to discontinue their surtax on Territorial residents once we have taken the responsibility of taxing ourselves.

We estimate that such taxes will bring in some \$15,000,000.00 to \$20,000,000.00 per



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year initially in discretionary income and with the construction of a pipeline, these figures could be increased by a substantial percentage.

We would hope to retain

Territorial income taxes at the present level of the

Federal surtax so that corporations and individuals

such as a pipeline company and its employees would

not have to pay any extra taxes. They would just

be paying a proportion of the present amount directly

to Territorial coffers rather than indirectly through

the Federal Government.

Section 4, "Royalties". In that a pipeline would

stimulate and allow production of hydrocarbons some brief comments on royalties are in order. If and when the Northwest Territories attains full provincial status, it will be only right that they control the natural resources just as any other province does. In the meantime, we must admit that this matter falls firmly within the jurisdiction of the Federal Government and it is possible in light of the small population of the Territories to see their argument that these resources should be utilized for the benefit of all Canadians.

However, in keeping with the concepts expressed at the beginning of this brief, I think the Territories can also present an excellent case for a piece of the action.

The last thing that I would like to see happen here is the same type of squabble developing between various taxing authorities over the



distribution of resource revenues as is occurring in certain provinces. This can only work to the detriment of the industries involved and eventually to both local residents and Canadians in general. What I would propose as an interim arrangement before full provincial status in achieved is that the Federal Government continue to set royalty rates in the Northwest Territories and to act as the collecting agency.

The Federal Government would then turn over a mutually agreed upon percentage of these revenues to the Territorial Government without strings attached. I am pleased to report that a system, the bare bones of which is outlined above, appears to be finding a good deal of favor in the eyes of both the Territorial and I believe Federal Governments, and I'm sure that such a system, if adopted, would do much in the forthcoming years to alleviate many of our present severe financial problems.

Lastly, on the subject of royalties, I would caution those who advocate extremely high rates with the object of financing some worthwhile cause with the proceeds that eventually oil and gas royalties will show up as increased prices to the consumer and we cannot completely dissociate ourselves from our fellow Canadians in the South and have to use a certain amount of discretion when thinking of how much we can take out of their pockets to put into ours.

Also, we must remember that



excessively high royalties will render northern oil and gas uncompetitive with other sources such as synthetic oil from tar sands or methane derived from the gasification of coal.

Section five, throughput taxes. Any reasonably inventive person can conjure up all kinds of wild and wooly schemes to extract additional revenues from the proposed pipeline system. However, we must keep in mind that the total take imposed by various taxing authorities should not exceed a certain maximum, otherwise the whole proposal will become uneconomic and uncompetitive and this state of affairs would be to no one's advantage.

The above remarks notwithstanding I believe there might be certain advantages
to a throughput tax which I understand has been applied
with some success in other parts of the world. It
might be used as a replacement for or in conjunction
with property taxation and it would have the advantage
from the pipeline operator's point of view of decreasing
taxes payable when the pipeline is not operating at
full capacity.

point, it is doubtful whether the Territories has the power to levy such a tax and before they could do so, it might require an amendment to the Northwest Territories Act. Alternatively, the Federal Government could impose and collect the tax and turn over all or part of the proceeds to the Territorial Government.

As an example of the types of revenues which might be



collected using such a tax, I give the following illustration: If a levy of one days throughput for each one hundred miles of pipeline were made on a pipeline seven hundred miles long carrying four billion cubic feet of gas per day, which is the volume proposed by Arctic Gas within a few years of start-up, I believe; the total government take would amount to twenty-eight billion cubic feet.

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Nickerson, Lafferty In Chief Cross-Exam by Scott

7 Assuming a value at the N.W.T. border of about a dollar a thousand, in dollar terms this would amount to \$28 million, were a certain 4 proportion of the government's gas to be taken in kind. it could be used for electricity generation or other 6 purposes designed to keep the cost of living in the 7 north comparable to that in Southern Canada. 8 I thank you, Mr. Commissioner, 9 for the opportunity to present my views on the subject 10 of pipeline taxation, and hope, sir, that they will be 17 of some value to you. 12 THE COMMISSIONER: Thank you, 73 Mr. Nickerson. 14 MR. SCOTT: Mr. MacLachlan, 15 do you have any questions? 16 MR. MACLACHLAN: No questions. 17 MR. SCOTT: Mr. Ziskrout, do 18 you have any questions? 19 MR. ZISKROUT: No questions. 20 MR. SCOTT: Mr. Bayly isn't 21 here, I see. 22 23 CROSS-EXAMINATION BY MR. SCOTT: 24 I only have one question 25 of you, Mr. Nickerson, and that relates to page 4 26 under "Income Tax". You say that you estimate the 27 amount that such taxes will bring in and go on to say: 28 "And with the construction of a pipeline these

figures could be increased by a substantial

percentage."



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Nickerson, Lafferty Cross-Exam by Scott

Cross-Exam by Scott 1 I take it what you mean by that is that there will be more persons in the Territories to pay income tax 2 3 after the construction of a pipeline. 4 That is correct, there A 5 will be more people resident here and hopefully they 6 will be earning higher wages and salaries. 7 Q Yes, well have you 8 yourself formed any opinion or are you aware of any 9 studies that have formed an opinion as to the extent 10 to which the population might increase, following 11 the commencement of construction of a pipeline? 12 A The only kind of 13 evidence in this respect that I am aware of is evidence 14 that has been presented to this Inquiry, and I under-15 stand that various experts have given various 16 conflicting figures. I've sat at the back there on 17 a number of occasions and heard people give evidence on this particular subject; but I don't know of any 18 19 additional figures that are available. 20 O So your information 21

Q So your information merely leaves you in the same spot that we're in right now. You have no further study or report which predicts population increase, apart from what you've heard here.

A That's correct. No,
I haven't got a crystal ball, I don't know; but it
would be reasonable to assume that there will be a
substantial increase in population.

Q Are you aware whether your government is doing any studies or work on the



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Perhaps you can see what 0 you can do for us and let Mr. Sigler know, eh?

subject of population increases that may follow commencement of construction?

A I know that they have forecasts for various parts of the Territories. This is necessary for budget formulation. We have to know how many more children we can expect in school, say in five years' time, and the Department of Planning & Program Evaluation undoubtedly have figures but I think, you know, a lot depends on when a pipeline is to be constructed, if at all. It depends on which of the applicants is successful, presumably, and I'm afraid we're in a quandry. We can only make educated guesses, and a lot of things we just don't know. It might go one way; it might go the other, we don't know. We're in quite a predicament there. We don't know whether we should start laying the foundations for a school in Norman Wells or not. We just don't know at the present time.

Well, what I'm really, I suppose, trying to get at is this. If the Department of Planning has done projections, based -- and I say if they've done projections -- based on what will happen following the commencement of construction in terms of population, do you think you can get those projections for us?

Yes, Iwould imagine I Α can. I wouldn't imagine there's any reason why such projections would be at all secret.



Nickerson, Lafferty Cross-Exam by Scott

1	A I certainly will.
2:	MR. SCOTT: I'd be much
3 :	obliged. Thank you very much, Mr. Nickerson and Mr.
4 ,	Lafferty.
5	THE COMMISSIONER: Mr.
۴	Nickerson, I'm less of an expert than you at these
7	figures and I'm just puzzled about this. At page 3
8	you say that:
qi	"During the '75-76 fiscal year the Territories
10	collected \$55,000 from levies on pipelines and
111	ancillary facilities in the Pointed Mountain
12.	area."
1 3	Those would be levies on the gas plants, the gathering
14	lines, and the pipeline to the border, I guess.
15	A That's correct.
16	Q Now, is that revenue
17	derived on the basis of the application of Schedule
18	"A" to Commissioner's order 181-74 where the rates
19	you say are ridiculously low? Is that
20	A Most of this revenue
21	comes from the taxation of gas plants. Some of it is
22	derived from taxation of the pipeline itself, but I'r
23	afraid I don't have the figures with me here, but I
24	have them. But most of this taxation of compressor
25	stations, gas plants, things of this nature which
26	are assessed at 2/3rds of actual fair value.
27	Q So that I see, so that
28	only a small component of that \$55,000 a year would
29	actually be derived from taxing the pipeline itself.
30	A Yes, that's correct.



Nickerson, Lafferty Cross-Exam by Scott

Q One other question. On page 4, the second-last paragraph you said(referring to income tax):

"We estimate that such taxes will bring in some \$15 million to \$20 million per annum initially in discretionary income."

Is there any particular meaning to the word "discretionary"?

A Yes, there is. It's a very important word to my way of thinking. What happens now, as Mr. Lafferty described, is that when we go to try and beg or borrow money from the Federal Government, they have this handle on us. They say, "No, we don't like your idea of paving certain number of miles of road. We think that a better use of funds would be to build a sewerage plant in Yellowknife," or something of this nature. We kind of like the idea that we should be able to assign priorities. If it's our money, money that we've collected ourselves, we feel that we are in a much better position to be able to do that than is presently the case. This is the same with Territorial income tax, or sorry, a number of forms of taxation which are presently imposed by the Federal Government and then they give it back to us, but with strings attached, and we would like to get away from that. We would like to be able to let the people of the Northwest Territories decide which they consider to be the highest items of priority.

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Nickerson, Lafferty Cross-Exam by Scott

follow you. Well, thank you very much, Mr. Lafferty and Mr. Nickerson. I appreciate your taking the trouble to prepare these presentations. They're certainly 4 most helpful and much appreciated by myself. 5 I don't know why the 1. representatives of the companies you propose to tax aren't prepared to take you on, but --MR. SIGLER: I'm sure they're Q in agreement with the principles enunciated in this. THE COMMISSIONER: Well, we may have to draw that conclusion. 12 Mr. Commissioner, I think one of the reasons why they don't wish to question possibly is because we heard yesterday from 14 15 one of the gentlemen from Alaska that in the Prudhoe 16 Bay area where the assessed value of the pipeline facilities is in the \$2 billion range, I think the figure there was that state taxes amounted to some 13 19 \$200 million a year, and local taxes of some 131, and I was proposing in here a take of only \$50 million, 20 so perhaps they would like to go along with my way of 21 22 thinking. 23 THE COMMISSIONER: I know, that was interesting yesterday, I noticed that too. 34 25 Well, thank you very much then. (WITNESSES ASIDE) 26 27 THE COMMISSIONER: Maybe we 28 should adjourn for coffee now, is that all right? 29 (QUALIFICATIONS & EVIDENCE OF W. LAFFERTY MARKED EXHIBIT 791)

(QUALIFICATIONS & EVIDENCE OF D. NICKERSON MARKED

(PROCEEDINGS ADJOURNED FOR A FEW MINUTES)

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EXHIBIT 792)



(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT) DICK HILL, resumed: THE COMMISSIONER: Can we come to order again, ladies and gentlemen. 4 MR. SIGLER: At this point, sir, I'm diverting to one of the members of our last 5 panel, Mr. Hill, who's a member of our Economic and Political Development panel. Unfortunately, Mr. Hill has to--would not be available to be in Yellowknife later this week or the next day. He has 11 to catch a plane this afternoon, so that I've arranged 12 to give his evidence today. Mr. Hill was already sworn in Inuvik at the community hearings and he 14 acknowledges that he's still under oath. DIRECT EXAMINATION BY MR. SIGLER: 15 1 16 Mr. Hill, perhaps start 17 with your personal resume. You live in Inuvik. were born May 26, 1930 in Lamont, Alberta? 18 19 A Correct. And you're married with 21 two children? A Correct. 13 Your education, 1948 to 1952 you attended the University of Western Ontario 25 in London Ontario, received a Bachelor of Science 26 Degree in Honours Chemistry and Physics with minors

28 A Correct.
29 Q 1955 to 1957 you attended

in botany, zoology and economics?

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the Harvard Graduate School of Business Administration



1	in Boston, Massachusetts. You received an M. B. A.
2 ′	degree in June of 1957 with study areas in administration,
3 4	finance and entrepreneurial development?
4 1	A Correct.
5	Q Employment. The summer
6	of 1951 you worked at the Defense Research Board of
7	Canada in Suffield?
8	A Correct.
9	Q Summer of 1956, Standard
10	Oil Company of New Jersey. You were employed by the
11	Marketing Co-ordination Department to carry out a
12	petroleum wax marketing and production survey of
13	Western Europe?
14	A Correct.
15	Q 1957 to 1963, employed
16	by Tetra Pak Company Limited of Toronto; general
17	manager handling packaging equipment and supplies
13	across Canada with complete responsibility for
19	administration and development of that company?
20	A Correct.
21	Q 1963 to 1975 you were
22	in charge of the Inuvik Research Laboratory for the
23	Government of Canada in Inuvik?
24	A Correct.
25	Q And you're the Director
26	of that facility working in all disciplines in northern
27	research. The program involved encouragement and
28	support of projects in the Western Arctic from
29	government, universities and industries?
30	A Correct.



1		Q	1975 to present, you
2 .	are involved with the co	mpany	Arctech Services as the
3	executive director of Ar	ctic	technical resource
4	management services invo	lving	regional planning,
5	municipal organization,	north	erner participation,
6 '	personnel planning, econ	omic	studies, financial
7	services and impact revi	ews.	
8		А	Correct.
9		Q	And that's based in
10	Inuvik?		
11	₹.	A	That's correct.
12		Q	And your current
13	activities, outside of ye	our w	ork, include being on the
14	Mackenzie Pipeline Busin	ess O	pportunities Board and
15	serving as Chairman of t	hat B	oard since 1975?
16		A	Correct.
17		Q	You are a director of
18	Fresh Maid Limited?		
19		A	Correct.
20		Q	You're governor of the
21	Arctic Institute of North	h Ame:	rica since 1972?
22		A	Correct.
23		Q	You're a councillor of
14.	the Municipal Council for	r the	Town of Inuvik, 1968 and
25 -	1969?		
26 .		A	Correct.
27		Ö	And Mayor of the Town
28	of Inuvik, 1970, 1971?		
29		A	Correct.
30:		0	You were a candidate in



2	the 1972 Federal election for the N. W. T. constituency
4-	A Correct.
	Q You've been a director
4,	for the University of Canada North Society since 1971?
5 ;	A Correct.
6	Ω You're President of the
7 :	Mackenzie Institute since 1969?
3	A Correct.
9	Q President of the Alaska
17	Division AAAS, 1968, '69?
11	A Correct.
12	Q Chairman of the
13	Territorial Experimental Ski Training Program, 1966 to
14	1971?
15 (A Correct.
16	Q 1973 to 1975, you were
17	a member of the Lower Mackenzie Economic Development
13	Council?
19	A Correct.
20	Q President of the Inuvik
21	Chamber of Commerce, 1973?
22	A Correct.
23	Q Member of the Canada
24.	West Foundation?
25	A Correct.
26	Q And Circumpolar Resource
27	and Development studies. What's that, Mr. Hill?
28	A That would be my interest
29	in the Arctech Services Organization.
30	Q Right.



THE COMMISSIONER: Mr. Hill, what's the University of Canada North? This is a group of northern residents interested in the stimulation and formation of a university within the North. As such, 6 it is an independent body affiliated with a comparable group in the Yukon and the concept was to have a 8 joint university appropriate to the needs of the North 9 and so it's in the conceptual stages. Is the group connected 11 to any university in southern Canada? 12 No, I regret to say 13 it's almost in opposition to university groups in the South who want to provide university services in our 15 judgment without providing northern contact or 16 sufficient northern contact. 17 Yes, I follow you. 18 MR. SIGLER: Mr. Hill, if 19 I could ask you to turn to your prepared evidence and 2) deliver it. I would introduce by saying that I've been asked to prepare this information 23 on behalf of the N. W. T. Association of Municipalities 24 and to address myself directly to the local government 25 progress that has been fairly recent and rapid and 251 effective. 27 I would also like to qualify that being pro-development or pro-local government, does I hope not make me anti anything, such as anti-

native organizations or anti-environment. If anything,



I'm very pro northern people in total and am striving towards what I might call balanced development and development includes social, economic and political aspects.

Most residents of the

Northwest Territories receive the benefits of community
services administrated by responsible elected community
councils. At least 41,790 northerners or over ninetyseven percent of the N. W. T. population reside in
fifty communities with elected councils. These
democratically chosen northern councils have evolved
in recent years as local residents wish to control
their community affairs and as the Territorial
Government encouraged the decentralization of services
to the community level.

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As elsewhere in Canada, the northern democratic processes at the local level is far from perfect and continuing modification is required to adapt to the changing needs and aspirations of the local residents. The present local government system has been readily accepted by a substantial majority of northerners and it appears to be the optimum government process allowing residents to participate in and control the situations which affect their lives at the local level.

The introduction of effective northern local government is the most significant but least publicized aspect of development in the Northwest Territories over the past ten years. Prior to 1963, only Yellowknife and Hay River had the



equivalent of a local representative local government.

Now, there are capable local councils in virtually every northern community with a population over 100.

Of the many social and cultural organizations proliferating throughout the North, the local government concept is the only program that offers open community participation and involvement to all residents.

The following information has been assembled to provide some insight into local government activities in the N. W. T. and how this form of government authority can play a continuing role for the benefit of northern people.

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There have been provisions for a limited form of local government in the N. W. T. since 1939, but the overall process of local government became operative only in 1963 with the appointment of local government staff in the North and the introduction of comprehensive municipal legislation.

A few dates for local government in the main Mackenzie communities illustrate the newness of this northern community administration. Yellowknife became an Administrative District in 1939; a Municipal District in 1953; a town in 1963; and the Northwest Territories' first city in 1970. Hay River became an Administrative District in 1949; a Municipal District in 1953; and a town in 1963. Fort Smith became a Local Improvement District in 1954; a village in 1964; and a town in 1967.



Fort Simpson became a Local Improvement District in 1954; a hamlet in 1969 and a village in 1973. Inuvik became a Development Area in 1959; a village in 1967; and a town in 1970.

Local government designations have varied through the years and presently there are five types of organized communities. Cities, towns, villages, hamlets are covered by the N. W. T. Municipal Ordinance while settlements are handled directly by the Territorial Department of Local Government. A city must have a population of at least six thousand and a taxable land assessment exceeding \$3,000 per capita.

A town must have a population exceeding 1,000 and a taxable land assessment exceeding \$2,500 per capita. A village must have a population exceeding 500 and be able to raise revenue by taxing the assessed value of the land. Any organized community can become a hamlet. All other organized communities in the Northwest Territories operate as settlements, under the terms of the Municipal Ordinance, but are not restricted by it. Table 1 attached shows the numbers of communities by types with the 1975 population for each type of community.

(QUALIFICATIONS AND EVIDENCE OF DICK HILL MARKED EXHIBIT 793)

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A city or a Town Council, composed of a mayor and eight councillors, has autonomy in levying taxes and in setting budgets. A Village Council, consisting of a chairman and seven councillors can levy property taxes but its budget must receive Territorial approval. A hamlet has eight councillors with one being elected chairman by the other councillors and has a wide range of authorities, but cannot levy taxes. A hamlet's budget is drawn up locally but the funds are provided by the Territorial Government.

A settlement is the initial level of community self-government and is usually considered a training stage. Elected Settlement Councils do not have legislative authority and usually work with a Territorial settlement manager to carry out community business using the Municipal Ordinance as a guide.

Although there are many similarities between northern and southern communities of comparable size, there are also many significant differences. The development of local government in the N.W.T. is relatively recent as compared to the provinces. There are cultural differences as persons of Indian and Inuit decent make up a large majority in many northern communities. Most of the present residents have voluntarily migrated into the communities to take advantage of employment, education, communications, medical services, shopping, recreation, and companionship. In the north, a large portion



governments (that's Territorial or Federal), with
most of the tax monies paid in grants in lieu of taxes
as compared to a negligible percentage in most
southern communities. Local government in the Northwest Territories has experienced a strong federal
influence on local financing which does not exist
to the same extent in the provinces. In general,
this influence has been quite positive with the provision of social services such as schools and medical
facilities that the communities could not otherwise
afford. At the present time, most of the northern
communities would not be viable without the extraordinary funding provided by the senior governments.

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The Northwest Territories

Association of Municipalities was formed as an independent organization in early 1967 to function as a central co-ordinating agency for local councils. The services of this organization, which are handled by an executive director in Yellowknife, are utilized mainly by the tax base municipalities to provide a common base for information, contact, and policy effecting the municipal members. Presently there are ten active members of the Association, as listed in the attached Table 2. These member councils represent 60% of the Northwest Territories' 43,000 population and about 80% of the Mackenzie Valley population.

There is considerable

northerner participation in local government activities as most of the elected councillors in the 50 organized



communities were born in the Northwest Territories.

The attached Table 3 shows that in 1976 of the 380 elected local government councillors, 301 or 79% were born in the Northwest Territories; 53 of them or 14% have over 10 years' residency; and 26 or 7% have under 10 years' residency. This listing indicates that at least 93% of the elected councillors are committed northern residents, who are vitally interested in the future of their communities. These figures are contrary to a general southern media impression that northern government activities are dominated by newcomers.

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Most northern residents
realize the advantages of local government to accommodate the increasingly complex changes in northern
living. Although some argue that the local government
system is foreign to the north and was forced on northern
erners, practical experience and statistics show that
a substantial majority of the communities have requested
or accepted the local government system. There have
been complaints that certain representatives have not
been elected and that some people don't understand the
system. Some groups have even suggested that the
local election process should be boycotted.

In actuality, most organizations in the north such as the Indian Brotherhood, the Metis

Association, the Inuit Tapirisat, and the Trappers

Association, utilize a form of the local government process in electing their officers and directors and in conducting their business. The democratic process,



where each person has a confidential vote, is
generally accepted as an efficient system for handling
differences and for initiating community improvement
programs. The system has a definite respect for
minorities which is an advantage in the north and

6 elsewhere.

The high degree of local involvement in community government indicates that the struggle for participation of northerners in their own affairs has been successful. However, there are still many uninformed people in the north and in the south arguing that northerners should have the right to participate in their government. Hopefully, the energies of these people can be redirected towards other needed improvements in the north.

A northern community may decide to remain unorganized if the residents see no particular advantage from local government, or if they are satisfied with the chief and band system.

There can also be a blending of local government and the chief and band system. Ethnic makeup and community size appear to be a deciding factor for a community to become organized. For a small community, decisions probably can be handled best by family heads. As a community becomes larger, the interaction between families and groups becomes more complex and at some point the organized form of local government is accepted.

Possibly those born in the north are more active and interested in local government



as 79% of the present elected councillors were born in the Northwest Territories, whereas the 1971 census for the N.W.T. shown in Table 4 shows that 62% of the population was born in the Northwest Territories.

However, as many of the newcomers appear to be concentrated in the larger communities, where there are fewer elected councillors per capita, there could be as high a participation among newcomers as there is with persons born in the north.

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Many northerners are not fully familiar with the overall government system in the Morthwest Territories, a fairly normal political process does exist that is just short of provincehood. There is a fully elected 15-member Legislative Assembly, which presently has a majority of nine native northern residents. This Legislative Assembly has many of the rights of a Provincial Legislature under the N.W.T. Act, but by decision of the Assembly, not all these rights are exercised at this time.

The Government of the N.W.T. with a staff of around 3,000, is responsible for carrying out the Legislative Assembly's ordinances and Territorial services. For 1976, the Territorial administration has an operating budget of \$158 million plus a capital requirement of \$48 million, totalling \$206 million. With only an estimated \$10 million of these expenditures to be raised by the Northwest Territories Government, monies amounting to at least \$196 million or nearly \$5,000 per capita will be



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provided by the Federal Government. In comparison, the recent Alberta budget of \$3 billion amounts to only \$1,500 per capita, with little provided by the Federal Government. Hopefully, the Northwest Territories will soon have resource income comparable to that of Alberta so that it can become economically independent and have a fully responsible government.

Over the past 15 years, the N.W.T. Government expenditures on local government programs has increased 50 times from \$194,067 in 1963-64 to a budgeted \$9,998,000 in 1976. The local government operating expenses are shown in the attached Table 5 along with the total government operating expenditures. During this period the total percentage of local government to total government expenditures varied from 1.7% to 10.5%.

The high participation level

of northerners in local government has been facilitated by several senior government programs relating to education, communication that are complementary to the evolution of local government. Improved education opportunities have helped local government councils and staffs to carry out their responsibilities on their own initiative. In 1963, only 5,525 residents or 20% of the total Northwest Territories population were in school. Now, twice that number or 40% of the total population is attending school. Along with higher education levels, there have been improved communication facilities available to assist northern residents in learning of the activities in other



communities. Radio, T.V. and newspapers are now readily accessible to provide information and raise the awareness level of northern residents.

The combination of local government programs, higher educational opportunities, and improved communications provided by the senior governments has assisted northerners to effectively participate in local government activities and for them to to speak out and/be heard on how they want their communities to be operated.

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The function of local
government is to assist a community in becoming a
better place to live by representing the collective
interests of all residents. Elected Community Councils
have the responsibility and the authority to make
decisions and to pass by-laws on situations
effecting the communities under the terms of the
Municipal Ordinance. However, any community changes
or new by-laws must respect the Canadian Bill of Rights
which protects individuals from any discrimination
by reason of race, national origin, color, religion,
or sex.

Municipal Ordinance has 359 sections spread over 113 pages in the 1974 Revised Ordinances of the N.W.T.

This ordinance details the local government responsibilities and procedures for carrying out these responsibilities. A prime strength of the local government system is the complete regulation of council activities so that community business is handled openly and fairly. The voting process for electing councillors is comprehensive in order to maintain the credibility of the local government system and to provide the elected councillors with the authority to represent community residents.

Local government in the

Northwest Territories is still evolving. Decisions

are made by local elected representatives, and if there
is dissatisfaction with their decisions, the

representatives can be changed by a majority vote



of the residents. Organized local government is necessary in every sizeable community so that issues and problems can be handled orderly and so individuals can be protected from special interest groups. Without local government in the larger communities, there would be social and economic confusion.

Should a community have local administrative difficulties, corrective action can be taken by the resignation of the council or the appointment of an administrator by the senior government. Temporary takeover of local government has occurred a few times, with Hay River in 1967 and with Norman Wells and Frobisher Bay in 1975. However, after reorganization, these communities have assumed full local government operations again.

Controversies over how a are community is operating/usually related to the expenditures of funds provided by the senior government. For example, if funds have been allotted for community water delivery and council wants to apply these funds to other projects such as intercommunity travel or the construction of a building, a conflict is bound to occur.

There is a pluralistic society in most of the communities in the Northwest Territories. Some of the residents are interested in hunting and trapping, others are interested in wage employment and business. Some are interested in both. Some want to continue living in traditional ways while



others prefer to modernize. Some want a formal education while others prefer to learn by doing.

Some want regulations to protect their freedom, while others want freedom from regulations. A flexible form of community government is required to accommodate the differences for the mutual benefit of the majority and the protection of the minority.

Although good administration is provided to the Northwest Territories by the Federal, Territorial and local governments, significant problems remain. These problems such as inequities in economic opportunity and decline in renewable resources, are dependent on both internal and external factors. Many solutions for improved government administration have been proposed but there is little agreement on which solutions to implement. A more complete form of self-government in the Northwest Territories could assist in acceptance of the solutions to problems and an improvement in the overall well-being of northern residents.

Due to the newness of northern administration and the Territorial relationship with the Federal Government, all levels of government in the Northwest Territories are quite interrelated. With this situation there is considerable overlapping of programs and unnecessary competition between departments. In the more populated areas of Canada there is an established political process to handle problems and initiate solutions. But in the Northwest Territories the political process is generally underdeveloped

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and underutilized. This situation is not necessarily wrong at this time, as long as the political responsibilities of the Territorial and local levels are better defined for the future. For example, the control of some land in the communities appears to be administrated by Indian & Northern Affairs, by the Government of the Northwest Territories, and by the Community Council. For effectiveness and minimal confusion amongst the northern residents, there should be a single

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In contrast to the ambiguous authorities of the local and Territorial Government levels, the political responsibilities at the federal level are clear and they are sharply presented in the north without an effective balance and check from the local and Territorial Governments. The significant difference is that the Federal Government controls the non-renewable resources while the Territorial Government is left with the social dilemmas caused by resource development.

land administration within community boundaries.

Although co-operation can be readily achieved at the community level, there is no cohesive system for arriving at a concensus across the Northwest Territories. The Territorial Government has the nominal responsibility for programs and policy, but appears to lack both recognition and support to solve many of these problems. The situation is quite different from the provinces as in the north each federal department can operate a relatively large organization that works independently



and is answerable only to somebody remote in the south. Also, there are many well-funded groups in the north such as the native organizations and the C.B.C., which carry as much or more impact than the Northwest Territories Government.

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Progress towards a normal Canadian political process in the Northwest Territories with clearer lines of provincial type authority is required to achieve real participation and benefits for all northern residen ts. Most northerners are not advocating province for the Northwest Territories, but they do want a responsible government system where representatives, elected by organized ballots, can discuss and negotiate how, when and under what terms any developments in the Northwest Territories will take place. The progress towards responsible government has come a long ways in recent years but continued progress is essential. Northerners are generally not against development. They just want to have their rightful say on the conditions for carrying out the development so that it can be related to the overall social, economic, and political process in the Northwest Territories.

The key to future selfgovernment in the N.W.T. is financial control. Should
the Northwest Territories Government actually move
towards fiscal responsibility there would be a positive
effect at the local government level for continuity in
community funding. Whatever is written into legislation



and regulation generally appears to be inconsequential as long as the N.W.T. administration is financially dependent, since supplied funds will always be controlled funds. An independent source of income, such as a negotiated share of resource taxes and royalties, in order to develop effective self-government in the Northwest Territories is required.

The present democratic system of government in the N.W.T. can provide solutions at the local level, at the territorial level, and at the federal level, if given a chance. With sufficient time for northerners to be trained and gain experience plus continued progress towards self-government, many of the problems will be corrected. All special interest groups concerned with culture, religion, science, industry, civil rights, and the environment have an obligation to deal directly with the local and Territorial Governments in the north to assist both northerners and the northern political process. What the Northwest Territories needs most is a complete government and the opportunity to do its own thing with assistance rather than displacement from friends.

Due to the need for continuing improvements in housing, education, transportation, commerce, and resource utilization in most northern communities, continued social and economic progress is essential for the future well-being of community residents. Most northern residents want to have equality of opportunity and freedom to earn a decent

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living from the activities of their choice. However, unless there is continuing progress, northern opportunities will be limited and community viability will be in jeopardy. The meaning of "continuing progress" will vary from region to region and should be defined within each community through the deliberations of an elected council.

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The larger communities are particularly vulnerable to problems that could occur from a slowdown in the provision of social and economic assistance. As the basic funding for local government administration in the communities is provided through the Territorial Government, the amount of financing available to the Northwest Territories Government is critical to the future of the communities. The expenditures by Federal Departments and by the Government of the Northwest Territories is presented in the attached Table 6, along with the population and per capita expenditures for the years from 1961-62 to The expenditures have been rising rapidly and the total federal expenditures for the Northwest Territories in the year 1975-76 were \$7,820 per capita or \$39,000 per year for an average family of The amount is even higher for the current year with \$206 million budget for the Northwest Territories administration alone. These funds are provided by the Canadian taxpayers now, but the level of outside funding cannot be expected to remain for very long since there are other parts of Canada with larger populations and difficult situations. The



attached Tables 7 and 8 provide a comparison of government funding in the Northwest Territories with the provinces and the Yukon Territory.

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For the year 1973, the Northwest Territories received a per capita Federal transfer of \$1,832.00, which was nearly nine times greater than the average Federal transfer of \$204.00 to the provinces.

Similarly for 1971, the

Northwest Territories had a per capita gross general
expenditure on government services of \$2,075 which was
three times greater than the average amount of \$688.00
across Canada. For the Northwest Territories, every
effort needs to be directed towards local income
generation and a decrease in expenses so that funds
from the South—so that should funds from the South
be restricted or cut off, there will not be a complete
social and economic collapse with resultant suffering
by northern residents.

Special efforts are required to make the harvesting of renewable resources more productive and more efficient as with improvements in health and immigration, the population of communities is considerably larger than when there were many northerners self-sufficient by living off the land. There is need for additional economic activities to occupy those who are not interested or cannot live off the land.

Mining and petroleum production appear to be the prime industrial activities at present that could provide employment for many northerners and generate the revenue to keep the Northwest Territories viable. Although, under the



present arrangements, all of the mining and petroleum royalties go directly to the Federal Government, it can be assumed that at some time in the future a negotiated share of this revenue will come directly to the Government of the Northwest Territories as is the situation in the provinces.

With skillful planning, the
Northwest Territories could operate with a balanced
budget and no longer be a financial drain on the
provinces. However, it appears that for several years
the Northwest Territories will remain financially
dependent on the Federal Government due to the very
large expense in capital requirements of the northern
communities and the current slow down of revenue
producing resource development.

The anticipated capital works program commissioned by the Town of Inuvik serves as an illustration of community needs for continued social and economic progress. As presented in the attached table 9, the program requires over eighteen million dollars in the next eight years just to improve the quality of community living for the present population, without any provision for growth effects of petroleum projects. With the construction of a Mackenzie Gas Pipeline and related petroleum development, the Inuvik Capital Works Program is estimated to require thirty—two to forty-four million dollars depending on the rate of growth.

Without resource development,
Inuvik and other communities will lose considerable

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population and will have to receive virtually all operating and capital revenues from the government. This would increase dependency under which it would be difficult to operate local governments with resident involvement.

However, with resource development and good planning, the residents of the Northwest Territories should all benefit from the increased revenue to government and better opportunities for employment and business. Local government has the responsibility and the ability to establish perspective on what is best for the communities and to actually carry out improvements acceptable to the residents if sufficient revenue is available.

Local government has an interest in social and economic progress as well as the responsibility for rational planning. For example, the Fairbanks City Council apparently made a public decision not to expand and create new subdivisions for pipeline workers with the reasoning that long-term Fairbanks citizens should not have to pay the development costs of the temporary transients during and after the pipeline boom.

It is not appropriate for others to state that the present Fairbanks overcrowding should be corrected when responsible councillors on the scene are aware of the situation and choose to utilize their tax revenues on other problems.

Similarly, it is not wrong that the Inuvik Town Council sold parts of the Inuvik



waterfront to tax paying industries. Actually only one-third of the waterfront is occupied and over half of this is taken up by the community's Intown Airport. Two-thirds of the East Channel waterfront within the Inuvik boundaries remains open or reserved for parks.

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For continued social and economic progress in the Northwest Territories communities, there are some modifications to the local government system that could be considered.

- -improvements in training programs for local councillors.
- -community information programs on the function and responsibilities of local government.
- -distribution of available local government funds from the senior government to the communities on a per capita basis.
- -encouragement of home ownership through tax rebates or other means.
- -the introduction of district or regional levels of government where there is extensive resource activities to provide for interactions between the communities and for decisions on issues concerning the area between the communities.

The local government system

has a great flexibility for adapting to the needs and desires of community residents. When there are problems with local government, it is usually a result of the individuals concerned rather than with the system itself. For progress, there needs to be a spirit of actually changing the system rather than just



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complaining about it.

land claims in the Northwest Territories can be compatible with the local government system and could be enhanced by it. The Nunavut claim appears to adopt the local government system completely for the Inuit area. Although the Indian people of the Mackenzie have yet to submit a formal claim, it could include provisions for a local government as a means of providing equal community services and participation to all residents. The Northwest Territories

Association of Municipalities has supported native claims and requested a planned time frame for their settlement. Most northern residents appear to favor a just land claim settlement.

Protection is required for groups who, because of their ethical and spiritual differences, do not want to join the majority. They have a right not to participate. The handling of religious colonies in Alberta is a good illustration where political accommodation can be worked out successfully within the authority of a democratic political system. In the Northwest Territories, any small band or small settlement could decide to remain isolated from industrial development.

Similarly, should a settlement want to participate in resource activities, the community council system provides a negotiating format so that the activities are carried out for the benefit of the community residents without adverse disruption,



If a community decides to live apart and not participate in general territorial activities, there should be no philosophical difficulties. However, when the community chooses to accept funds such as group hunting assistance, or services, such as a nursing station, then there will be outside influence and controls on how the funds are used or the services provided. In modern society, it is very difficult to be alone.

The real strength of a democracy is the protection of the rights of the individuals and minority groups. Improvements are needed in the North to protect the rights of individuals both from the government and from special interest groups affecting their lives. Most northern residents want self-government, particularly at the local level. They are speaking up and being heard.

For continuing social and economic progress, a complete democratic system is required in the Northwest Territories that will have the authority and power to proceed with the desires of the majority while protecting the rights of individuals.

THE COMMISSIONER: Thank you,

Mr. Hill.

MR. SIGLER: That's all the

direct evidence, sir.

MR. SCOTT: Mr. MacLachlan,

do you have any questions?

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D. Hill Cross-Exam by Bayly

1 MR. MACLACHLAN: I have no questions. 2 MR. SCOTT: Mr. Ziskrout, do you have any questions? 4 MR. ZISKROUT: I have no 5 questions. 6 MR. SCOTT: Mr. Bayly? 7 CROSS-EXAMINATION BY MR. BAYLY: 3 Mr. Hill, on page two 3 of your evidence, you outlined population requirements 10 on taxable land assessment and its relationship to 11 a group of people's ability to become a hamlet, town 12 or city. Now, I gather what you're saying is that 13 responsibility to become these various levels of 14 15 1 local government should be based on tax assessment. Is that correct? 16 I do not say this as an individual. This is part and parcel of the N. W. T. 13 Act put through by the N. W. T. Council. 19 All right. Well, just assume that you were a member of that Council and were 21 proposing new legislation. Would you agree that new 22 legislation should remain as it is in that particular 23 aspect or that it should be changed in some way? 24 1 I have no particular 25 A argument as it stands, although I would assume that 26 there will be new situations arise which changes would 27 23 be required. All right. You see you 29

talk about settlements having settlement councils and



being in a training stage. Now, let's take a look at the Western Arctic area that you're familiar with and I take it that you would say that Sachs Harbour,

Paulatuk and Holman would be groups of people living in settlements which would be in the training stage. Is that correct?

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A I would not have put it exclusively in the training stage. It does provide training, but it is from an operating viewpoint that's not considered only a training stage.

Q Well, page 3 of your

evidence says that:

"A settlement is the intitial level of community self-government and is usually considered a training stage."

Now, maybe you can then give me examples of when the settlements that don't have the assessment that you've referred to on page 2 should, in your opinion, be designated in something other than the training stage, and how that would be reflected on their areas of responsibility and the extent of that responsibility?

approach it from a diametrically different program

Local government is up to the residents of the

community, and it would be how they perceive it at the

time, and then at that point at the desire of local

government or a form of it, then I would have them

fit into the senior government Territorial system

and as I have said in my evidence, it's fair game

for a community to say, "We don't want local government."

Q Well, let's assume that the community wants local government and indeed wants more control over what goes on in their community.

At the moment I take it you'd agree that the measure of control they have is geared to the assessment and



A I would say that

the population that they have. Is that correct?

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generality is not correct. The spirit of local government is control over things which are of a local nature. However, we get into a problem where funds are provided from senior government and he who pays the funds calls the controls. So it's a relationship situation. To me there is no differentiation whatsoever if there are no funds concerned; but it's a fact of life that when funds are provided on a democratic basis, there shall be control of the funds. Now when you get into something which is non-monetary, in Sachs Harbour for example, which would directly relate to the bunting and trapping situation, that's a non-expenditure of funds, under the system, the community has the control.

There is another balance and check on that under environmental regulations, game management regulations.

Q Well, let's assume that the Community of Sachs Harbour wanted control over the school, for example. Now, realizing that they requested a school and received one, I take it you'd agree with me that it is not unlike other schools in small settlements in that it is run by the Territorial Government. Is that correct?

A That is correct.

Q And with the exception of Yellowknife, which has a School Board system, based on tax assessment, there is no community in



the Western Arctic, or indeed anywhere in the Northwest Territories that has local control of its schools. Do you understand that to be the case?

and from my own experience in Inuvik, this is my purposeful decision, to not request the control of the school, both the mechanics of operating it and the cost of paying for it. This is generally a purposeful decision. As I reflect, Sachs Harbour requested a school in 1965, they were well aware of the factors involved, and did not ask for control of the school per se.

Q Assuming, though, that a community wanted control of a school, you'd have to change the municipal laws in force in the Northwest Territories to facilitate that.

A No, to me there is ample option within the Municipal Act that if a community has the desire and the wherewithall, they can operate their own school. Now this is not very likely because of the high expenses.

Q Now, as far as being in training stages, would you agree with me that a community which may meet the requirements of being a city because it suddenly grows as a result of development, may in fact in terms of population in the area be less experienced than a smaller community that has not grown to a sufficient level to be called a city or a town.

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Q Well, do you agree that a settlement should be precluded from becoming anything but a settlement unless it's willing to attract industry, population and assessment?

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A I would say industry
has nothing to do with it. If there were some
magical gold mine discovered under the Community of
Sachs Harbour, and they could find a way to be
economically independent and wanted to be economically
independent, then it's not dependent on size or
industrial assessment. Generally the two go together
but it's not necessarily so.

Q When you say "gold mine"
you're referring to something in the non-renewable
resource area, or --

A In the situation of Yellowknife, it was sitting on a gold mine and started off with its own schools long before there was a municipal form of government.

may feel it's sitting on a gold mine but it's a gold mine perhaps in the sense of being a fairly healthy trapping economy which doesn't produce the kind of assessment that Inuvik produces by having a waterfront, as you've described, to which it can attract taxpayers. How do we deal with communities that may be healthy and wealthy in terms that you and I both understand but not able to attract the kind of assessment that you've described as being necessary to become more responsible for various things that



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go on in a community?

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A I would say Sachs

Harbour with its white fox industry, which is a renewable industry, has the option to become fully independent if it so desires, and I tried to get the impression across that you have to be independent on your part. As long as there are funds desired for housing or education, for medical facilities, then the degree of ultimate independence isn't there. There is a financial factor which is a fact of life.

O And would you see the settlement of land claims and its ability to generate revenues in whatever way that happens to occur as a way of a community raising sufficient revenues to become self-sufficient without necessarily having to become another Inuvik, for example?

A As I understand the Nunavut claim, this is exactly what they're striving for, to maximize the benefits from the resources, renewable and non-renewable, so that communities in the total area can become economically self-sufficient and this is part and parcel of local government philosophy.

Q Then you'd agree with that as a philosophy that should be pursued and developed.

A Right. There's no point in striving for philosophical independence if you do not have fiscal independence.



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Q Now, turning to another area of your paper, you say at page 9 that:

"Elected Community Councils have the responsibility and authority to make decisions and to pass bylaws on situations affecting the communities," and one of the complaints that people have made about Settlement Councils -- and I invite you either to agree or disagree with this as a valid complaint -is that Community Councils, whether they be governments of the Town of Inuvik or Hamlet Councils of a settlement such as Tuktoyaktuk, or Settlement Councils, were in the eyes of the people who elected them elected to do certain things within the boundaries of the community but that they attempt to or do certain things beyond their boundaries that the people did not contemplate that they would get involved in as officials of that local government. You've probably heard that criticism, and I'd be interested on your views of the extent to which a community or Town Council should expand its sphere of influence beyond the physical boundaries of the town.

A My philosophy on that would be that the Community Council has to be responsible for the residents of that community. Often the interest of those residents go beyond the community boundaries, so that you're interacting with the surroundings, and as soon as you get out beyond the municipal boundary then you have different authorities of which to react with, and my philosophy says that



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it is the responsibility of that Community Council to provide the negotiation, the interest base for the residents of the community. For example, there's no reason why the people of the Community Council of Tuktoyaktuk should negotiate something for the people of Inuvik. I'm sure they wouldn't, but if there is talk of say a highway between Tuk and Inuvik, then it is a mutual interest and there's every reason that they should get together and pass or lobby for mutually supporting programs. So quite definitely the Community Council has a responsibility to provide an influence on the surroundings. I think where the difference comes in, does that Community Council have exclusive right to say, "No drilling in the Beaufort Sea," or something like that, and quite definitely it does not. It does not have exclusive authority but it has a responsibility to have an input and to me we have a fairly healthy system of discussion and decision-making -- far from perfect, but the mechanism is there for this inter-community decision process.

Now I would also recommend that if the decisions are not being handled adequately then the system should be changed, such as a regional form of government in the Mackenzie Delta area. So that you have the total people of the Mackenzie Delta providing the input so that if there is development it is done on their terms, and I would strongly recommend this. This has to be inter-related with the



Territorial Government where if you draw the lines on the Territorial constituencies, there is representation right today. The whole delta area is blanketed, every inch of tundra, somebody has an interest for it. I've tried to say that this system is not perfect because of the geographic areas, the newness and the funding situation. So I have suggested that this should be done, but quite definitely, a council in no way should be restricted to its finite boundaries. It has the responsibility to represent the population.

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boundaries certain community councils, I understand, still receive land use permits to have a look at and discuss and give their opinions on to the higher levels of government. In other cases, in other communities, that responsibility has been passed on to hunters and trappers associations. Where do you feel that responsibility should lie?

A As long as we're talking responsibilities and not authority. Quite definitely on a land use regulation, it is an advisory situation of which the community council close by or surrounding community councils should have an input but it is advisory rather than a finite go-no go situation. Should that land use permit infringe upon the community's boundaries, then as far as I'm concerned, it has a definite and complete authority.

Q And if it doesn't infringe on the community's boundaries, would you agree with me or disagree that perhaps the responsibility for passing an opinion on it, if it is only at that level, should be shared at least between the community councils and the hunters and trappers, or would you feel that it should be exclusively in the hands of the community closest, community council closest to that land use permit area?

A I'm happy with the present arrangement which says the initial contact is with the community councils who then have the authority and the responsibility to hang on to it



themselves or to delegate it or to say don't bother us. But the constitution under the N. W. T. Act says that the elected municipal councillors are responsible. Now, in being responsible, they can delegate this authority to another group or to another individual. But it's the councillors who make that decision. I think the individual would respect their decisions.

Q And quite apart from the N. W. T. Act, you feel that should continue?

A We're talking a broad

situation.

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saying this, Mr. Hill, it's not to get you too far outside your evidence, but you have said that one of the objects or desires of the Association of

Municipalities is to see a just and fair settlment of land claims and my concern is that some of the things asked for in a land claim settlement may infringe on some of the things that community councils are now accepting and exercising responsibility for and when these two are in conflict, I want to know what the opinion of the Association is.

A I will not speak for
the Association but my personal view is that this
whole aspect of a land claim situation is one of
negotiation and if it is a good claim settlement, these
points will be covered and as responsible residents
of a community affected, the community council will
have an input, as should the Territorial Council.

If it is affecting the



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responsibilities of Territorial Government or

Municipal Government, I would expect the Canadian

Government system would have the courtesy of input.

 $$\mathbb{Q}$$ $% \mathbb{Q}^{2}$ And what would your input be if you were asked for it?

A On land use--

--aspects? There should

Q Umm-hmm.

be a continuing. As long as land use operations affect a community, then that community council should have an input, should have the opportunity to be aware of what's happening and to pass their opinion on it.

I think we're both talking of another authority which would have resident input but whatever that authority

is, if it affects a community, then that community

must or should have their input.

expressed by people, particularly in the delta region, has been that a large development and in particular this pipeline and related exploration would very likely swell the populations of Inuvik and Tuktoyaktuk in particular and perhaps some of the other communities. The concern being that the population balance would change and it's quite possible that people who've either been here a long time or are native residents of this area would be outnumbered and perhaps would lose whatever control they might have had of their community councils to people who were newcomers, who might make decisions with regard to the communities and the land surrounding it, but were repugnant to the long term



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residents.

As a solution to that, they have suggested that there be a long period of residency in the community prior to people being allowed to vote. Now, how do you feel about that personally and if you can't speak for the Association of Municipalities, just speak on your own behalf?

a Canadian democratic tradition that says if a person is expected to contribute to the operations of a community, he should have the right to participate in its government or we shall not have taxation without representation. Aside of that is that the persons living in a community either bought a house and paying taxes or living in a rented accommodation of which he is paying taxes; he, by his being there, is contributing to the community and thereby has the right to participate in its administration.

So, I would say that if you, by your discussion, are trying to control something by an ethnic basis, that the local government mechanism is too dull and improper a tool to use. There are other aspects. If the indigenous people of the area are concerned of a massive influx of being voted out on something, then I would suggest that they marshall today to either not have that development if they feel it's adverse to them, and have a way of expressing this such as in a land claims settlement.

Whatever decisions they make, they have to live with them. You can't have your cake

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and eat it too.

Q Well, Mr. Hill, you may have to live with it too and I'm interested to your opinions as to what should be done if you feel any responsibility for the long-term residents of the area in which you live. Should there be, as I think you've suggested in your answer, no mechanism to protect their long-term interest or is there a way that this could be done.

You've said that because we live in the system we live in, there's nothing that can be done as far as forbidding a person who is a ratepayer to vote in municipal elections.

A No, I hope I have not said that or left that opinion. You've asked me a specific question whether the local government aspect should be changed and I have said no. But I've also said that the situation is very real and is one of great concern and that there is a process, I believe, in the land claims negotiations and I take the James Bay settlement as an illustration of this, where their agreement per se is the stack of books yay high that covers the detail of this point so that people concerned through negotiation, through setting it down engraved in stone, can protect the interests as the way they see it. To me, this is the vehicle to accommodate that interest rather than a manipulation of Canadian democratic tradition. To me, it's just a better way to do it.



told me what you feel should be done in terms of
the Dick Hills of the delta being able to happily
continue to live there because the land claims
settlement, as you have said, not only involves input
from native people, it involves input from Canadian
society as a whole and I suppose in this particular
situation from people who have been long-term residents
that have come from outside the region we're talking
about.

MR. SIGLER: I believe Mr.

Hill's answer was that he shared that concern that Mr. Bayly presented and that the answer was for the communities today to take action to prevent—that they don't want the influxes to make solutions today while they still are in the majority.

I think that was his answer that he made to the question. I don't know if Mr. Bayly got that.

MR. BAYLY: All right. Well, perhaps you can tell me for Inuvik then, Mr. Hill, what should Inuvik do if they in the first place would like to see this development go ahead and I think they've expressed that opinion, but at the same time would like to protect themselves against some of the impacts of a large number of people moving into the community.

A No, I've been long enough in the area to refuse to answer your question.

I don't want any other group of individuals deciding what I should be doing or what I want or how I want it



phrased and I would provide that same respect to other groups. We're talking indigenous people of the Mackenzie Valley.

Q I'm interested in what you would like to see for yourself and for your own community because you are a resident of that community. If you don't have an answer, that's fine.

A No, you're asking me to give an ethnic answer and I am not part of that ethnic and I do not have an answer.

Mr. Hill. I'm asking you, as a resident of Inuvik, what you would like to see done, if anything, to protect the community of Inuvik as a whole, not just the native people there, but protect that community against a large influx of people who may come in as a result of the pipeline and related exploration and development.

Your question and I'm happy to answer that the

Community Council in Inuvik has a very definite fixed

plan and, as far as I'm concerned, with full support

of the community residents and we have to say a

majority of the residents and that not everybody

agrees to everything at all times; that the steps

are being taken not to have a massive influx, boom bust

situation in the community of Inuvik, and a negotiation

with the pipeline applicants and the gas plant

constructors, that the construction aspects will be

generally diversed from the community.



Construction camps shall be outside the community but that the community desires to have the long-range participation and hopefully advantages of the operating staff resident in Inuvik and the implication of that that most of that operating staff will be long-term Inuvik residents; so that there is a definite program which can go wrong to handle the problem which you opposed of a large massive influx. Number one, the influx won't happen in a large difficult situation and number two, that any increase will be accommodated and this is the community's request for sufficient funding to handle the problem.



Q Now, is the community

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them.

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A projections of growth and before qualifying it, I would

chilled gas pipeline?

of Inuvik as you see it, and maybe this is a question that I should address to Mr. Robertson--perhaps you can tell me that before you answer it -- is the community of Inuvik looking at the pipeline project apart from other possible projects like continued exploration and development and the service industries that that would bring to the community? Is it looking at it in isolation from an oil pipeline which might share a corridor with a gas pipeline and is it looking at it in isolation from the completion of the Dempster Highway which I understand has been given some form of approval very recently?

MR. SIGLER: I don't think Mr. Hill wants to speak for the Town of Inuvik or if he is able to but Mayor Robertson will be on our next panel. He is the mayor of the council of the Town of Inuvik, who is perhaps in a better position to speak on behalf of the town.

A I would answer "yes". Inuvik councillors are awake and read newspapers and talk to people and are aware of what's going on around

MR. BAYLY: Q Well, do

you agree with their projections of growth for the Town of Inuvik in light of the possibilities of all these other things accompanying the construction of a buried

We have had several



D. Hill Cross-Exam by Bayly

have to say to be more specific.

growth that you have seen based on the completion of the highway, the introduction of industries whether /drilling they're selling muds or contractors for the construction of oil rigs or whatever in continued exploration. Is it based on -- are the projections based on the construction of an oil pipeline as well as a gas pipeline?

a I would say in that generality! the estimates are in the ballpark and I might refine it a little further in saying that they are probably a little high in this present era which could change over night. The philosophy of frontier operations is that it is expensive to live in the northern community, the cost of air travel in the jet age is fairly economic and that we don't see a fantastic increase in the population of Prudhoe Bay or Barrow to a certain extent. I'll have to qualify — there is an increase but, you know, it has not doubled or tripled in the last couple of years.

factor is there but so is an economic factor which in my estimation will balance things out. Natural economics will tend to minimize the population in the Arctic -- in the Canadian Arctic. So far, we have not taken the stance as has the Soviet Union where there has been a self-sufficiency aspect in comparable attitudes to Inuvik so that you do end up with a very large population servicing the industry that's there.

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D. Hill Cross-Exam by Bayly

I think that our

transportation will make the situation in Inuvik and other communities quite different.

Q Should there be a ceiling placed on the population or a ceiling within certain limits if the projections are low? How big can Inuvik be in other words?

A Inuvik can be any size. There's lots of land in Inuvik. However, we who are resident there believe in the quality of life and we would not generally choose. Most of us are there and this is both indigenous people and southerners like myself because we are enjoying the environment, the northern environment and I'm sure few of us want to see it changed from what it is or dramatically changed—that we would like improvements but I think the general—lity is to think small. Bigness is not necessarily goodness.

Q Well, if the options of various elements of the oil industry were to either locate in Tuk or in Inuvik, are there indications that you would have for us of how big you think Inuvik could get and still not impair the quality of life that you refer to as being something that as an Inuvik resident you would like to see preserved?

MR. SIGLER: What are the plans of the oil industry that Mr. Bayly is referring to?

MR. BAYLY: I have just

outlined, Mr. Commissioner, that I have been looking at the projections with Mr. Hill that in his answer they

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D. Hill Cross-Exam by Bayly

do anticipate possible oil and gas exploration activities.

I'm making the assumption in my question that some industries or services could be located in either Tuk or Inuvik and that might affect the possible size of these two communities. I am not in the oil business as Mr. Sigler knows so I'm not going to outline plans for oil companies. I have no secrets from them.

A No, you have asked for a

Q Yes.

A I can give you -- which I really don't have. This depends on the situation. I'm a pragmatist. I have faith in my town council that decisions will be made at the appropriate time. However, the town council has come up with a program which is on optimum population to 5,000 people, ready extension to 7,500 people and if so desired an accommodation to 10,000 people. This mainly relates to available land for housing and utility services. So in the present town council's philosophy of operation that a nominal figure of 10,000 is accommodatable.

MR. SIGLER: I should mention sir, that that plan has been filed as an exhibit in response to a question that was asked by Mr. Scott of Mr. Dusel in our first panel.

MR. BAYLY: Q You have talked about a fair and equitable settlement of land claims being something you would like to see. Do you contemplate a fair and equitable settlement that is one that you would see as fair in your own mind including

personal opinion.

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D. Hill Cross-Exam by Bayly Cross-Exam by Scott

21	CLOSS-EXAM DY SCOTT
1	title to large amounts of land which could also be
2 1	A Yes.
3	Q communities in the
4 ;	delta?
5	A Yes, I would also
6	at some point require a definition of your word "large"
7 .	as compared to mine.
8	Q All right. Why don't
9 1	you tell me what yours is?
10	A If I have a philosophy
11	on this, it's title by occupation it should have
12	happened long ago and that it'sthere. If it's unoccupied
13	land, then that's another point for discussion.
14	MR. BAYLY: I have no
15	further questions.
16	CROSS-EXAMINATION BY MR. SCOTT:
17	Q Mr. Hill, you have been
18	the mayor of Inuvik in the past, I understand?
19	A That's correct.
20	Q How long do you have
21	to how long would I have to live in Inuvik before
22	I could vote for the mayor?
23	A It depends on your
24	I was going to say it would depend on your smile.
25	As we sit now, I believe it is three months, yes.
26	Q And how long would
27	I have to live
28	A Sorry, I have to correct
29	that by intuition six months.
30	Q All right. And I take



1 1	it that I establish that I have lived there for six
2	months by making some kind of declaration to the town
3 1	clerk or some official.
4	A No, you have to be on
5 :	the voters' list and to get on the voters' list, you have
5 1	to be normally resident for a period of six months.
7 ;	Q Yes, but I have to
8	satisfy somebody who makes up the voters' list that I
3	have been normally resident?
10	A Right.
11	Q Yes. And how long do
12	I have to live how long do I have to be normally
13	resident in the Territory before I can vote for a
14	councillor in my area?
15	A I believe it is one
16	year.
17	Q Yes, leaving aside
18	the regulations or the statutes or the ordinances, what
19	are the purposes of those time limits which impose a
20	restriction on the right of Canadian citizens to vote
21	for councillors and mayors?
22	A Certainly in spirit if
23	not actual time frames this is evolved since Canada
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25	Election Act in the N.W.T. election procedures I think
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27	Act is the supreme authority. So that as I presume this
28	has evolved over a period of years in situations where

politics are tight. So that a candidate or an issue-- you

cannot load it by bringing in busloads of friends for the

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say it is a preventive measure.

Q You wouldn't need six

months or a year to prevent loading, I take it.

Wouldn't you agree with me that at least one of the objectives of that kind of restriction which exists

I think everywhere in Canada is so that the persons who vote for mayor and councillors will have exhibited some kind of minimum commitment by their permanent residence to the community?

night or for the hour to load an election and I would

A I would agree with that.

Q All right. Now I

think the point to which Mr. Bayly was directing himself was that if there is a substantial population influx to a community which everybody recognizes maybe short-term, that is may not last beyond three or four years, that there is some ground for re-evaluating the conditions under which people can vote?

A You can approach it from that. I think the Community Council has not taken that tac, and indirectly has approached that problem by insisting that the construction workers, so-called, reside in camps away from the communities and thereby would not become voters.

Q Well, let me just put this practical proposition to you, and this isn't designed to terrorize Mayor Robertson in any way, but Mr. Nickerson was asked certain questions by me about population projections, and he undertook to provide certain information, and he's now provided it as best



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he can, and I'll be making it an exhibit, but for example for the Town of Inuvik with hydrocarbon development there is a projection that the population of the town by 1978 will increase (and it isn't clear whether this is optimum) but will increase about 1,500, perhaps a little more.

Now it may be that some of that will be people with jobs in the hydrocarbon industry; some of that may be simply in-migrants looking for work in the general business sector of the community; but that obviously is a very substantial increase in the population of the town, isn't it?

A 1,500 compared to our

O Yes.

A Yes, there would be

a one-third increase.

present 3,500-4,000?

Q Well now, what I'm saying is that is it truly your view that it's sensible to allow all those persons to vote for the mayor of the town when they've lived there three months, notwithstanding that they may leave in three months?



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THE COMMISSIONER: I think

you said six months.

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MR. SCOTT: I'm sorry, six

months.

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A The official figure

is six months, and I think in No. 1, I would question the figure of 1,500, and we've already lost 500 so we're only, in those statistics, possibly only talking of 1,000 people and that thousand is fairly hypothetical. However, on the --

> It may indeed be very 0

A It could be low, it

could be high. I think we as a Community Council system are prepared to handle it, and I as an individual don't quibble whether we're talking three months or even three years. What we're asking for would standby is continuity, so that you don't change the rules overnight.

What concerns me, though, is that for example if the president of the Pipefitters Local has an office in Inuvik and resides there, as he will, and he runs for office, and the voters' list by virtue of the six-month registration is increased by 1,500 people who want work, all I 'm suggesting to you is that you may create a situation in which the long-term interest of the residents of Inuvik may not necessarily be served.

> That situation has A



happened every day in Inuvik since it's been alive.

I think we've become accustomed to it and accommodated it.

Q And I take it that you don't see in a rapidly expanding short-term population growth any desirability in reviewing the voting requirements?

Α Practically from my political experience I'd say it's a false issue. On a theoretical basis I agree it can be. The Town of Fairbanks might be an illustration that the city fathers there, in spite of horrendous booms and busts there, remainin control and have made purposeful decisions for the benefit of what they consider themselves as long-term residents. I don't say there will not be problems. I would say that the local government process traditionally has the ability to handle the problems and tradition says it's the longer-term residents that remain in the driver's seat. I don't really see it being that different from Inuvik, in that the way the evolution is planned you will not have this horrendous large thrust of population.

Q No, but you see, that's the difficulty. Everybody says that we won't have this fantastic population growth. I don't think that's at all clear from the evidence that we've heard, and what I'm saying to you is consider for the moment the possibility that you do have a very substantial inmigrant population unconnected with construction, very

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substantial, which is here for two or three years; does that raise any problems in your mind?

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A To me the government process, you can have problems but that's what the process is for. Now should there be this massive influx arrive at let's say we of the Community of Inuvik are in trouble. At that point we go for help were we can, which normally is the next senior government, the Territorial Government, which will provide, we assume, because their interests are our interests, this sufficient support, whether it be monetary or regulatory control to control the situation.

Q Well, I'm talking about voting now. Control of local councils by local people, and you see, it seems to me that if the population projections are low and there is a substantial in-migrant population, many of whom will be unemployed, existing in the communities, leave aside the economic problems that is created by that and look at what it potentially may do to local control of local matters. Does that raise no problems in your mind?

A No, quite definitely there can be problems.

Q All right.

A And we would, as I have said in my paper, do our best to keep the government complete, which I think in today's sense is bolstering up the Territorial Government who happen to control



the N.W.T. Act which would in turn create a residency factor, and if we're really talking a regional problem and if in the Territorial Council's wisdom they saw a problem, and if we as Inuvik Council brought it to their attention, then it might well be that the residency clause should be changed from six months to one year. I would have no hassel with that.

O So that I take it from

Q So that I take it from that observation that you have no quarrel in principle with altering the residency qualification if the circumstances -- that is the influx of population -- requires it.

A Quite definitely, to me there is little finite difference between three months or six months or a year.

Q All right, and the influx of population we're talking about is the influx of temporary population, that it appears will move out after a certain period of time.

A This is hypothetical on your basis.

O Yes.

Q All right. Well now,

A And to me the essence is a process to accommodate problems. Now if people are there as residents, they are part of the problem, and hopefully would be part of the solution. Their interests would be common with other residents.

let's turn to one other matter. Mr. Lafferty this morning described the development of the budgetary



relationship between the Territorial Government and the Federal Government over a period of time, and he described first of all, as I understood his paper, how initially the Federal Government -- how first of all the Federal Government provides a great bulk of funds under which the Territorial Government operates. No doubt about that.

A Correct.

Q And how intitially the Federal Government provided these, allocating them to particular needs and establishing its own priorities for the Territory.

A Correct.

Q And how you have moved from that in the Territorial Government to what he calls government with government negotiations in which a gross budget was fixed -- and I'm simplifying in which a gross budget was fixed allowing the legislative authority of the council to select the priorities within the framework of that general budget.

A Right.

Q O.K. Now let's turn to Paulatuk or Sachs Harbour for example, and I take it that if you wanted to do so, you could calculate reasonably readily the money that is put into Paulatuk or Sachs Harbour by the Territorial or Federal Government in terms of policing, schools, education, and so on.



Q Yes. What is wrong with the concept of allowing the settlements to establish their priorities as to how those sums shall be expended?

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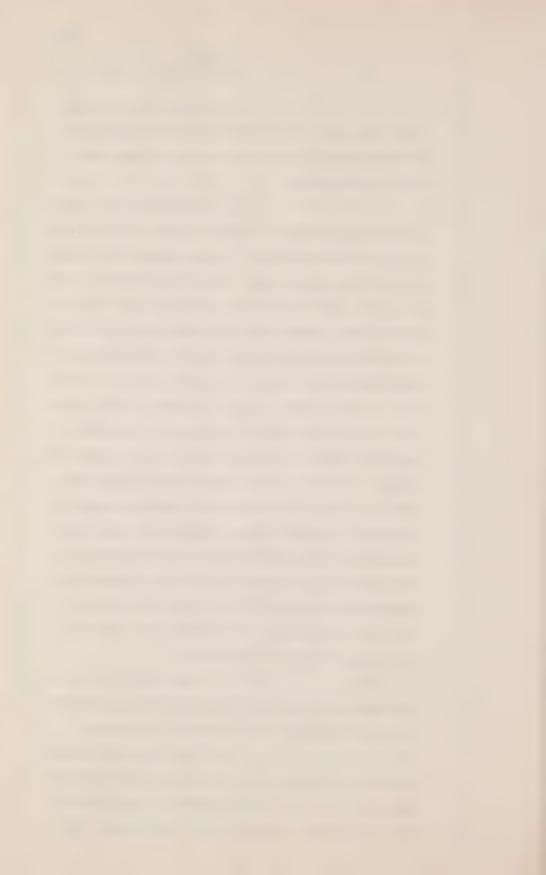
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Philosophically there's nothing wrong with it. That's the way it should go. One has to be practical. If you divided the budget up on a per capita basis which I would like to see us working more towards it, but we in the smaller communities, compared to this great City of Yellowknife, feel we would be screwed by the system and that the rich get richer, and the poor get poorer. This is also a fact of life. So that I think we're into a mixed budgetary situation and should be, possibly forewer, so that there's room for modification because certainly in the communities of the north there are great dissimilarities. But as a basis of operation I would be happy working on a per capita budgeting, decentralizing it to the community of Paulatuk, if they chose to put their dollars into education or into building a ship, they would live with their decision. To me this is the absolute philosophy of local government.

Q And I take it that philosophically you see nothing wrong with applying that to settlements like Paulatuk or others?

Practical, because the money has to come from somewhere and all of a sudden there's no more rich to rob and you end up being poor. So that you have



to be part of a greater world, as I said. A community is not alone.

O But there is philosophically in your mind, there is no difference between a city like Yellowknife, which is allowed to select its own priorities to a certain extent, and a settlement like Paulatuk which should be allowed to select its priorities assuming the money is available for both.

There is a difference A and you cannot compare the City of Yellowknife with the Community of Paulatuk.

A

Why not?

Because we're talking mechanics of size. Things, the relationship and economics are different in a community of 10,000 and a community of 100. Otherwise we all live in one big city or everybody all live in little settlements. This is not the way the world works, so philosophically you're correct, although the system of government as we have it has the ability to adapt to the differences and as far as I'm concerned the differences will remain.

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1 !	Q But in the City of
2	Yellowknife, for example, a certain amount of revenue
3 -	is raised by taxation of the real property in the
4	city and a certain amount, I take it, is made available
5 4	by grants from the Territorial Government.
6 .	A Correct.
?	Q Right. And within
8 !	limits and fairly substantial limits, the City of
i - i	Yellowknife and its council has the right to select
10	how that money is going to be spent?
11	A Correct.
12	Q And choose its own
13	priorities?
14	A Correct.
15	Q All right. Now, take
16	Paulatuk, we can calculate how much money is put into
1.7 !	Paulatuk by senior levels of government. What reason
18	is there why the peopleof Paulatuk shouldn't have the
19	same right as the people of Yellowknife have to
20	select their own priorities as to the expenditure of
21	that money?
22	A There is no philosophica
23	answer and again, I would throw this back to the
24	people of Paulatuk and this would be their decision
25	and as I understand it, carrying the N. W. T. Act
26	to its ultimate, the people of Paulatuk could work
27	towards this and at some point, they can say we would
_ 3	get along without the money coming down.

However, your point is that it would come down on a per capita basis. But this is



not dependent on the people of Paulatuk. This is another level which is all the communities in the Northwest Territories and then at some point, all the people of Canada.

3 3

Somebody has to give. It's one thing to receive on a completely equal basis providing somebody is willing to give. So, philosophically, I can agree with you completely, but I've been around, that you can't eat philosophy.

Q Why is it? Yellowknife has an extensive legislative authority to select priorities and it has that authority for fundamentally two reasons and no more. One, it has a large population and two, it has an assessment base. Right?

A Right.

Q All right. Now, why should Paulatuk which will never be able to get a large population or an assessment base, why should it be deprived of the right to select priorities by its elected officials through its settlement council if the funds are going to be made available by senior levels of government?

A Again, philosophically there is no reason whatsoever, but I would wait until you see the people of Paulatuk, how they respond to it and I think they're intelligent people and as they have worked to date, they have virtually refused to get this so-called per capita funding because as the community of Paulatuk, they're getting about twice as much, if not five times as much, as the City of



Yellowknife.

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So, philosophically it was one way. Being practical is another. The people of Paulatuk have a school, a power plant and if you divide that on a per capita in housing or if you divide that on a per capita basis, it's probably even ten times as much as people can get in the City of Yellowknife.

So, I don't think you'll /for see the people of Paulatuk pushing per capita funding.

per capita funding. I'm talking because obviously per capita funding is not going to establish uniform facilities for all the people in the territory.

A Right.

Q I'm not talking about

Q I'm talking about trying to measure the input in financing every year into a community like Paulatuk and saying, all right, the senior levels of government contribute annually X dollars to maintain or support the community of Paulatuk. We're now going to allow the community of Paulatuk to determine the priorities for the expenditure of that money just as the people of Yellowknife do. Nothing wrong with that?

A Philosophically, there's

nothing wrong.

Q You worry me when you say philosophically because I think you're saying there is something wrong and I don't know what it is.

A No, it's practicality.



My philosophy of local government says the people of Paulatuk will do the decision on this as they have. The people of Paulatuk just said we can get a little more action by becoming a hamlet. Sorry, becoming incorporated into a settlement with a council. Prior to that they were an unorganized settlement.

They, on their own initiative, are doing what they think best to arrive at the ends. So, if we're talking practical, there is no reason in our evolution of government to insist that the small settlements should have the same mechanism as the large settlments. There is a difference.

Q Well, now one other question along that line that relates to land use permits. If the Federal Government wants to put an airport within the municipal limits, let us say of the City of Regina, it can only do that over the objections of the elected council of the city--

A That's correct.

0 --by expropriation.

A Correct.

O You understand that.

All right. Now, why isn't it that that should not be the same for settlements?

A Technically a settlement does not have that authority but should the people in that settlement have a concern that somebody wanted to put an airport in and they did not, then there are other mechanisms which can readily handle it.

The ultimate mechanism is to request hamlet status

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and have actual control, so they can say no airstrip.

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Q So you don't object
to any system in which the settlements are given
veto power over land use subject always to the
overriding power of expropriation in the Federal
Government or the Provincial or Territorial Government?

A We've gone beyond philosophy to legalistic situations which is entirely different.

Q Why?

A Because one, you get into a legal definition; what you do on one arm has to relate to the other otherwise we end up with dual responsibility, dual authority, and only the lawyers win.

government covers virtually all of these eventualities.

People live in a small community by choice and in this sense, it's to get away from say the overriding effects of a community council decision-making process. You know, just having to make decisions period. This is why you always have people going off by themselves, not choosing to live with a group.

Now, it happens that a majority of people in the Northwest Territories and elsewhere in Canada choose to live in communities so that it's not for us to go around hopefully and saying you have to fit an identical mold wherever you are. I'd say we'd emphasize the freedom aspect, freedom of choice.



Well, let me put this proposition to you. If a company doing some seismic work wanted to do that work within the confines of 3 the City of Regina, they could be vetoed by the City 4 of Regina and only the intervention of the senior level of government by expropriating could permit 6 that work to be done. Agreed? 8 Correct. Okay. Now, why is it 0 that when you have a viable, existing, established 10 community like Good Hope, for example, it shouldn't 11 12 be allowed that kind of authority. A Why not? 13 If you haven't got it 14 15 now--I believe it does. A 16 17 You believe it can veto 18 a--А You're talking of two 19 things. We're talking of finite authority, the boundaries of the community of Good Hope and no way. 21 If the people of Good Hope said we do not want a 22 seismic line running through our community, would there 23 be a seismic line? 24 All right. 25 Now, what we're talking 26 about, I think, or you're talking about is the 27 25 surrounding areas. 19 All right. What do you Q

s ay about that?



	A Then you have an
۵ .	interaction with several other communities or the
1.1	total Northwest Territories population and then the
4	Federal Government on top of that. So, that unless
5	this town of Good Hope wants to become the equivalent
<i>c.</i>	of a city or a town and extend its boundaries, as you
7 .	have heard the people in the North Slope Borough of
3	Alaska have done, then there is an overlap or a
7	conflict of authorities.
0	Q And you would see no
1	objection to any settlement or municipality extending
2	its boundaries to include that area that it normally
3	uses?
4	A If it affects me, I
.5	certainly do want to have a say and an interest in
.6	it.
7	Q Yes. So, that, for
. 3	example, if the people of Good Hope demonstrated that
. 9	they normally and traditionally used an area
20	surrounding the settlement by let us say twenty miles
1	you would have no objection of the extension of the
22	veto power to that area, subject always to the
1	

A Philosophically, no.

Q Practically, no.

A Practically, yes. We

have to work out the details. If there is a process underway now, hopefully this gray area of which, because it is gray, I refuse to--you know, you haven't defined what the overall terms are. Thereby, I am

expropriating right in senior government?

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1	not in a position to agree or disagree with it but
2	this is a function of a land claims settlement to
3	clarify as many of these gray areas as possible,
4	hopefully for the optimum benefit of all the residents
5	Q Those are all the
6 .	questions I have. Thank you very much, Mr. Hill.
7 :	THE COMMISSIONER: Mr. Hill,
8	you said that to vote in Inuvik in a municipal
7	election, you have to be a resident for six months.
10	To vote in the Northwest Territories for the
11	Territorial Council, you have to be a resident for a
12	year. What is the requirement, the residency
13	requirement, to vote in a Federal election. Do you
14	know?
15	A As I understand, it's
16	identical to the Federal but I'd say there is a
17	confusion.
18	MR. SIGLER: That's a matter
19	of law, sir. I think the Canada Election Act applies
20	to the Territorial Council elections and it's a one
21	year requirement.
22	THE COMMISSIONER: I'm sure
23	it's a matter of law, but
24	MR. SIGLER: One year
25	requirement, sir.
26	MR. SCOTT: I think that's
27	not entirely the case, is it, Mr. Sigler? A new
28	immigrant to Canada has to wait five years. Have
28	immigrant to Canada has to wait five years. Have

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I got that wrong?



THE COMMISSIONER: Yes. MR. SCOTT: Well, yes. A new immigrant who comes here from Italy with every indication 3 that he's going to be here permanently has to wait 4 until he's a Canadian citizen and he can't apply for 5 Canadian citizenship until he's been a landed immigrant 6 for five years. THE COMMISSIONER: Yes, Well, 8 0 that's subject to that. I'm just talking about--MR. SCOTT: They may go home 10 11 in the interim. THE COMMISSIONER: Were you 12 here when Mr. MacLeod gave evidence for Foothills 13 14 about Inuvik populations? No, I missed that but 15 A I'm somewhat aware of it. Do you have any comment 17 on what he described as the decline in Inuvik's 18 population and its current population. He felt it 19 was unlikely Inuvik had ever been up to 4,000. He 20 thought they were down to somewhere around 2,000, 2,500 21 22 Somewhere in othere, I think, he said. 23 Yes, I am the first. While Mayor of Inuvik trying to organize a census - 3 . that it's very difficult to have solid and accurate 29 1 figures. In my own way of thinking that a year ago we were more like 4,000 people and have declined 250 to 500 since then.

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So that I would say we're

more in the 3,500 situation now, realizing that this



1.	is not a finite figure because it depends on how you
2	d efine residents. What kind of voters do you have
3	as compared to a fairly large transient population;
4	which is transient in the hospitals, in the schools
5	and related to industry.
6	Q I think he said that
7	there were about 2,000 now and if you add the school
8	children, you get up around 2,500.
9	A No, I, as an individual,
0	would dispute that figure.
1	Q Oh, I realize you're
. 2	disputing it. Yes, he's very much lower than you
. 3	are.
4	A No, we have some 1,500
.5	people alone associated with the C. F. S. Inuvik
.6	facility. Our largest industry is a military
.7	installation.
8	Q I'm sorry. You have
.9	1,500 people alone associated with what?
20	A Canadian Forces Station,
27	Inuvik. There is something like 325 men on complement
22	plus families.
2.3	Q And that's a 1,500
4	total?
3.5	A Right.
. 6	Q What did you think of
- 7	his proposition that Inuvik given its essential
15	base as an administrative center, you referred to the
23	army, the Canadian Forces, population thing, the
30	Federal Government and so on and so forth, Territorial



D. Hill

Government; he said that Inuvik was fairly close to rock bottom now. He said it might go down to 1,800 if there was a further decline in oil and gas exploration activity but that that would be about the bottom now.

Let me put it this way. He seems to be saying--let's start from the bottom up rather than try to go from where you are now, down, because you and he are pretty far apart.

You've got the C. F. S. thing. You have got the Federal Government, Territorial Government and so on. If you had no oil and gas exploration, say that the decline went to the point where there wasn't any, what would the population of Inuvik be, do you think?

A Right today there would be 250 to 300 men directly employed in oil and gas and if you have a multiplier for children, that would bring the population up or those involved in the oil and gas in the area of 2,000, 2,500 as it sits right now.

So, you would have a

large unemployment factor and if there was no--

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D. Hill

1 !	Q Would you mind going
4.	over those figures? Sorry. You mean you'd have
3	2,000
4	A People who would have
5	to change their vocation from working in the oil and
6	gas industry. Sorry, correction. 2,000, that's
7	including families.
8	Q Yes, but you said
9	there are 250
10	A 250 plus or minus.
11	Q 250, and you multiply by
12	that what figure?
13	A I usually use a multiplier
14	of three, depending sometimes they use a multiplier
15	of five, depending what group of people you're talking
16	about.
17	Q Well, three times 250
18	is
19	A Initially I was more in
20	the 300 people fairly directly involved in the
21	effect, so we're talking maximum of 1,500, then we
22	have to get into the grey area between what is
23	directly involved with oil and gas versus transpor-
24	tation or other services.
25	Q And those 250 or 350
26	whatever it is, are actually permanent residents of
27	Inuvik now, are they?
19	A Right, and the other
29	more significant factor is that most of the government /situation
30:	business is there, because of the potential resource



so that the government aspect would decline also. 1 Q Would you confine that to Federal or would it include Territorial? 3 A And Territorial, that's 4 the thrust for which many things are there. The other 5 thing, the parallel with a small town on the frontier 6 that by an absentee decision in Ottawa, this 7 C.F.S. Inuvik base could be closed down overnight 8 and so I think Mayor Robertson doesn't seem to lose 9 much sleep, but if he was that way he could claim 10 that local government aspect to committing the future `11 expenses to be paid out of the tax base, and that the 12 tax base could change radically is a difficult 13 situation to be in, but not a typical of frontier 14 development where you don't have a broad base. 15 Q As long as the assertion 16 of Canadian sovereignty in the north is a priority 17 of the government, this C.F.S. base is likely to 18 remain, I would think. I mean there's no basis 19 for thinking it might be removed now, is there? 20 No. but for example --You're just pointing out one of the things that the town is subject to. A Right. They might have lost so much money on the Argus aircraft that they 25 will have to provide their surveillance by other means 26 to justify it. Things could happen. 27 O The Aurora. 28 Aurora, yes. 29

THE COMMISSIONER: Right.



D. Hill

Well, thank you very much, Mr. Hill. I am certainly glad you were able to stay an extra day and glad we were able to accommodate you so thatyou didn't have to come back again later in the week. We appreciate your taking the trouble to prepare this material. It's been most helpful.

(WITNESS ASIDE)

THE COMMISSIONER: It's ten

after 12, can we stop for lunch, do you think?

MR. SCOTT: Mr. Commissioner,

first of all I might make an exhibit of Mr. Nickerson's letter to me,/which I've already referred, dated September 23, 1976, which includes the present material that I gather is tentative but is within the hands of the Department of Planning & Program Evaluation about population forecasts, and it's really a breakdown of the projection forecasts that have been made by a variety of groups from the Association of Municipalities through Manforce, Arctic Gas, Foothills, DIAND, and Gemini North, and it's done in two parts, one without hydrocarbon development, and one with hydrocarbon development. It may be that the Territorial Government and the federal department will have an up-to-date forecast of their own by the end of the month and I'll try to produce that if we can get it at that time. But at the moment I'd like this to be an exhibit.

(POPULATION FORECASTS MARKED EXHIBIT 794)

MR. SCOTT: I want to

thank Mr. Nickerson for showing what a councillor

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can do in getting it in about half an hour.

MR. BAYLY: Mr. Commissioner, could we come back earlier than usual? I'd like, if possible, to get the panel on that has still to be completed after Mr Sigler's slate for the day has finished their evidence.

THE COMMISSIONER: Well, we started early. If you don't mind, we'll adjourn now and come back at say, 1:15, would that be O.K.?

(PROCEEDINGS ADJOURNED TO 1:15 P.M.)



(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: We might

just as well begin.

MR. SIGLER: Yes sir. This afternoon the Association is continuing presenting its evidence, and I should mention first of all that in the next few panels that I will be calling there are several members of the Territorial Government who will be giving evidence, explaining government policy, speaking as Territorial public servants for their activities in their areas concerned within their Department of Local Government, and I think in fairness I'd like to thank them personally for volunteering to come forward and give their papers and also thank the Territorial Government, especially Deputy Commissioner Parker and the director of the department, Mr. Creery, for providing the assistance and making the people available that we thought of. who can explain the government policy in these areas which are of a key concern to my client, the Association of Municipalities, and to the individual municipalities. So often the government has been criticized for difficulties in bringing people forward to this Inquiry and I think it's fair to -- for me to offer our thanks for the assistance they've provided us in accomplishing this.

THE COMMISSIONER: By all means.

MR. SIGLER: The next panel,

sir, is on the subject of municipal financing, and the prepared evidence and the witness resumes of

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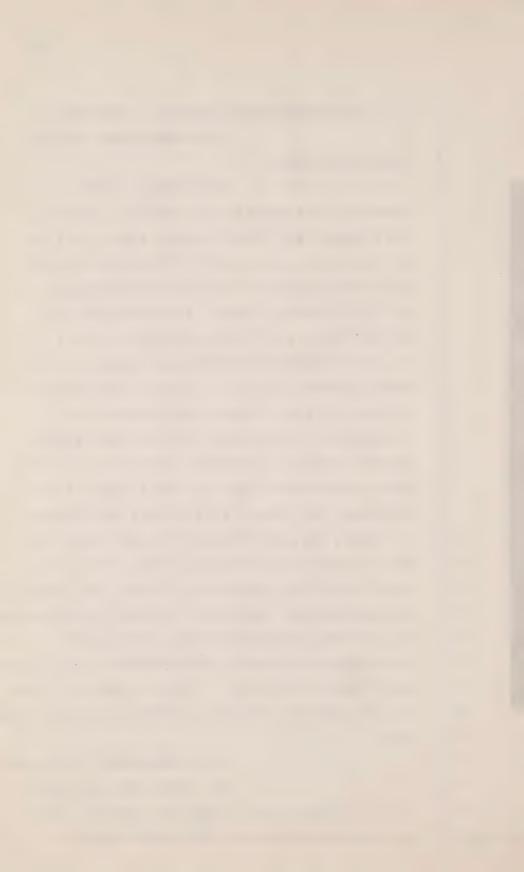
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Smith, Macleod, Robertson In Chief

	In cuter
1	Mr. Macleod and Mr. Smith have been filed; the
	prepared evidence of Mr. Robertson has also been
3	filed as an exhibit. I apologize for there being
4	no witness resume ,but Mr. Robertson has appeared before
5	the Inquiry at the community hearings and of course
6	is the president of the Association of Municipalities.
7	I recall when Mr. Blair gave his evidence you indicate
5 .	there was some leeway given to absolve the participant
4	coming forward, and I believe they have been sworn in
: - [so I'll get on with it.
11;	THE COMMISSIONER: Yes.
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17.	M.S. SMITH,
1 4	N. MACLEOD, sworn:
1.5	JIM ROBERTSON, resumed:
16	DIRECT EXAMINATION BY MR. SIGLER:
. 7	Q First of all I'll turn
13	to you, Mr. Smith, I'll turn to your resume that's
; - ;	been filed. Your education, you graduated from High
24.	School in Alberta and Vermilion College in Vermilion,
-1;	Alberta, in 1954, is that correct?
2 '	WITNESS SMITH: That is
· · ·	correct.
4	Q And in 1961 you received
25	a certificate in municipal assessment at the Universit
24	of Alberta.
	A That's correct.
_ ;	Q In 1964 you received
93.4	a certificate in assessment and appraisal from the

Olds Vocational College.



Smith, Macleod, Robertson In Chief

1		А	That's correct.
2		Q	In 1968 you became an
3	accredited municipal ass	essor	in the Province of
4	Alberta.		
5 #		A	Correct.
6 '		Q	Your work experience
7	is as outlined, in 1955	to 19	56 you worked as an
3	assessor with Hugh Harr	ies a	nd Associates, a firm in
3 4	Edmonton, Alberta.		
10		A	Right.
11		Q	1956 to 1965 you were an
12	assessor with the Depart	ment o	of Municipal Affairs with
13,	the Government of the Pr	ovince	e of Alberta based in
14	Red Deer.		
15 /		А	Right.
16		Q	1965 to 1967 inclusive
7 m 2. 7	you worked as district	assess	sor for the Department
- 3	of Municipal Affairs of	the Go	overnment of the Province
<u> </u>	of Alberta in Calgary.		
_ 7 :		A	Right.
1. :		Q	1967 to 1972 you continue
: 1	to work with the Province	e of i	Alberta's Government as
- 1	a regional assessment su	pervi	sor in the Department of
14	Municipal Affairs based	in Edr	monton, Alberta.
25		A	That is correct.
26		Q	From 1972 to present
2.72	you've been based in Yel	lowkn	ife and have acted as the
	head of the Assessment o	f Taxa	ation in the Department
2 1 3	of Local Government for	the G	overnment of the Northwest

Territories.



Smith, Macleod, Robertson In Chief

1 That is right. And it's in that capacity that you're testifying here today. 3 4 4 A Right. Thank you. Now, Mr. 5 Your education, you 6 Macleod, I'll turn to you. received your High School education in Glasgow, 3 Scotland. WITNESS MACLEOD: 9 Correct. I'll ask you to hold the mike up a little bit closer to you, and you received 11 a certificate in municipal administration and accounting from Queens University in Kingston, Ontario. Correct. Α 14. Employmentwise, from inclusive, you were with the Royal Air 1940 to 1946 11 Force. Correct. Α 1947 to 1958 inclusive you served as secretary-treasurer for Pedwell Lumber, a firm in Orillia, Ontario. That is correct. 1959 to 1967 you were clerk-treasurer for the Township of Orillia. Α Correct. 1967 to present you served as chief of the Municipal Affairs Division in Department of Local Government, Government of the Northwest Territories in Yellowknife.

Correct.



Smith, Macleod, Robertson In Chief

And it's in that capacity that you will be testifying before this Inquiry today. 4 That's correct. 0 And your other appoint-6 ments are as outlined on your personal resume that's 7 been filed. 3 That's correct. A Q Mr. Robertson, you were 10 born in Edinburgh, Scotland, in 1938. 11 WITNESS ROBERTSON: That is correct, yes. : 3 And received your 0 7 6 education in Scotland. 15 % Α Yes. You are married with two children. . 8 That is corrrect. Α 0 And work experience, from 1956 to 1969 you worked for the Hudson's Bay Company in the Fur Trade Department and in the Northern Stores Department at various settlements throughout the Northwest Territories, Northern Alberta and Saskatchewan, and you reached the level of district manager in charge of stores in Manitoba, Saskatchewan and Ontario?



Smith, MacLeod, Robertson In Chief

1		A	That is correct.
2		Q	From 1969 to present,
3 }	you have been a self-emp	loyed	businessman. You're
4	the owner with employees	and l	ousinesses at , Mack
5	Travel in Place of Man,	in I	nuvik, N.W.T.?
6		A	That is correct, sir.
7		Q	And you live in Inuvik,
3	Northwest Territories?		
2		A	Yes, I do now.
10		Q	Some of your activities
11	have included serving as	a mer	mber of the Fort
12	Simpson Advisory Council	from	1962 to 1964?
13		A	That is correct, sir.
14		Q	You're a member of the
15	Inuvik Town Council for	the y	ears 1970 to 1972 and
16	again in 1974?		
17		A	That is correct.
1 + 1		Q	You've been the mayor
10.	of the Town of Inuvik fr	om 19	74 to present?
20!		A	Yes.
a 1		Ö	And you're a member of
. 2	the Northwest Territorie	s Liq	uor Licensing Board sinc
	1974?		
4		А	Yes, I am.
2.1		Q	And you have served as
27	acting chairman of that	board	recently?
~		A	Yes.
***		Q	You're a member of the
	Senior Advisory Council	to th	e
-		A	Minister of Industry,



Smith, MacLeod, Robertson In Chief

1 j;	Trade and Commerce. It's called ITC.
.: ₁	Q From 1972 to 1974?
3	A That is correct, sir.
4	Q And you've served as
5	President of the Inuvik and District Chamber of
6	Commerce various terms. Four terms as president.
7	A That is correct, sir.
3 .	Q You're also president
4	of the Northwest Territories Association of
20 1	Municipalities?
11.0	A That is correct.
1.2	Ω Thank you. Then if I
13	could start please by asking you, Mr. Smith, to read
1 2 • 2 • 4	in your evidence.
1.0	WITNESS SMITH: Mr. Commissioner,
16	it is my intention to outline the function of property
1-	assessment and taxation in the Northwest Territories.
. 5	I have some definitions restricted to this report.
17	For the purpose of this report, the use of the terms
	assessment and taxation or taxes will be restricted
1	in meaning to that of real property taxation. Taxes
111	provide a source of revenue used by the municipality
	to provide services to people and property within the
. :	municipality.
	Assessment is a method of
2 €	providing an equitable tax base expressed in dollars
<u>.</u> -	upon which to levy property taxes.
	History. The first property
- 17 17	assessment in the N. W. T. was conducted in Yellowknife
. 0	in 1940. Assessors were hired privately by each muni-



cipality. Most of the assessors came from Alberta.

They would fly up and spend two or three weeks doing a rush job and then back south they'd go.

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As this proved to be an unsatisfactory arrangement, the Territorial Government appointed an assessor in 1967. His primary role was co-ordinating the work done by contract assessors from Alberta. In 1971, the Alberta Government advised that they would no longer be able to provide assessment assistance to the N. W. T.

At this time, the Territorial Government decided to establish their own assessment staff and provide assessment services to the municipalities.

Authorization. The authorization for assessing, levying and collecting property taxes in incorporated municipalities other than hamlets is found in the Northwest Territories Municipal Ordinance.

The authorization for assessing, levying and collecting property taxes in hamlets and | outside the boundaries of other municipalities is found in the Northwest Territories Taxation Ordinance.

The principal difference in these two ordinances is that taxes levied under the Taxation Ordinance are collected by the Territorial Government directly, while those levied under the Municipal Ordinance are collected by the municipality. The assessment and taxing provisions of these two ordinances are very similar, therefore further comment



will be generally restricted to the Municipal Ordinance.

Methods of determining value for assessment purposes. Re-assessment of a municipality may be conducted annually at the request of a municipal council, or the council may adopt the previous years assessment for use in the current year. The Municipal Ordinance restricts such adoptions to six consecutive years.

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In practice, a general re-assessment of each municipality is usually conducted every six years. When a general assessment is undertaken, all properties in the municipality are inspected and revalued.

During the years between general assessments, annual assessments are undertaken in each municipality. When an annual assessment is conducted, only those properties which have changed physically are re-assessed or assessed for the first time. Examples would be additions to existing buildings, new buildings or new land subdivisions.

Land Assessments. The

Municipal Ordinance requires that land be assessed at its fair actual value, apart from any improvements that may be on the land. When undertaking a general re-assessment of a municipality, the assessor will conduct extensive research of properties that have been sold immediately prior to the assessment. The sales will be analyzed to determine the fair market value. The assessor will then inspect individual properties noting location, topography, use and other



conditions affecting value before establishing an assessed value for each parcel of land in the municipality.

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Improvement or building assessment. Improvement assessments are established by the use of the assessment manual published by the Province of Alberta. The values expressed in the manual are representative of 1963 replacement costs in Edmonton. The values established by the use of the manual are further subjected to a statutory rate of 66.6%.



During the re-assessment, the assessor will inspect and measure inside and outside each building in the municipality; with the help of a field clerk he will record the size and pertinent information concerning the number of rooms, the type and quality of construction, the age and condition, etc., of each building.

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The assessor will then calculate the value of the improvements by the use of rates found in the assessment manual. The assessed value placed on improvements in Mackenzie Valley communities in 1976 would average approximately 20% of replacement value.

Q I wonder if I could stop you there and ask you to comment on the basis on which pipeline improvements are assessed in the Northwest Territories? This morning we heard evidence from Mr. Nickerson commenting on that basis, and I just wondered if you could outline the basis there of assessing those types of improvements?

A Well, the rates developed in that Commissioner's order that Mr. Nickerson was referring to are intended to directly reflect equal value to value of assessed and other improvements

In other words, they should be equal.

Q So it's on the same basis that all other types of improvements are assessed, using the Alberta manual and then taking 66%.

A That is correct.

O It's not a fair market



value that is used for any type of improvements.

A No.

After all lands and improvements have been valued they are catalogued in an assessment roll and stored by computer. Each year computer-printed assessment rolls and assessment notices are forwarded to every municipality. The

assessment notices are forwarded by the municipality

to each taxpayer.

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Assessment appeals. When a taxpayer receives his assessment notice, he has the right for 30 days to inspect the assessment roll to compare his assessment with assessments placed on other proprties in the municipality. If he is not satisfied with the value of his property, he can complain to a Court of Revision. The Court of Revision consists of not less than three and not more than five members appointed by the Municipal Council. The Court of Revision will hear the complaint, accepting evidence under oath from the complainant, the assessor and any other person they deem necessary to hear, and either confirm the assessment, change the assessment, or order the assessor to re-assess. If either the complainant or the assessor are not satisfied with the decision of the Court of Revision, they can appeal to a judge. The judge will hold a hearing in his Court and decide the final dispensation of the assessment.

Taxes - municipal. The municipal tax is determined in the following manner:

The Municipal Council first determines the amount of



money they will require to operate the municipality during the upcoming year. They then deduct the anticipated revenue from sources other than property tax, the balance being the amount required to raise through taxes on property. The tax rate is determined by dividing the amount to be raised by the total assessed value of all properties. Once the tax rate is established, it is simply multiplied against individual assessments to determine the tax on individual properties. A Municipal Council can, if they wish, classify different types of properties and levy different tax rates on each. In 1975 property taxes in the Mackenzie Valley municipalities amount to approximately 40% of the total revenues in those municipalities.

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Taxes - school. The

Territorial Government's Department of Education operates all of the schools in the Mackenzie Valley.

I beg your pardon?

THE COMMISSIONER: Mr. Smith,

would the 40% include what Mr. Hill called grants in lieu of taxes?

A It does, your honor.

Q Pardon?

A Yes sir, it does.

Q And have you any idea

what the percentage figure would be if you deducted all the grants in lieu of taxes?

A I have the figures available. I haven't worked out the percentages.

Q Have you got a rough idea?



A I think, sir, if you look at the table that's appended to the evidence, it's got it for the three communities -- Hay River, Fort Simpson and Inuvik for three years, '74, '75, and '76.

Q Oh yes.

A Perhaps that's the

information you want.

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Q I'll take a look at that later then. Sorry, carry on, sir.

Territorial Government's Department of Education operates all schools in the Mackenzie Valley. The Municipal ordinance authorizes the Commissioner of the N.W.T. to levy a property tax for educational purposes. The tax rate cannot exceed 20 mills. The municipality collects this tax on behalf of the Territorial Government.

In the past few years the school tax levy has been 15 mills. This tax has been causing some problems. Due to rapidly escalating land values and the time lapse between general assessments, very large school tax increases are being experienced. In the case of Hay River, for example, the assessment used in 1974, based on land values established in 1968, was \$10,523,330 multiplied by 15 mills equals a school tax of \$147,850. A re-assessment was completed in 1974 for use in 1975; this assessment was \$23,856,000 multiplied by the 15 mills equals a school tax of \$357,840. Similar increases have been experienced by



the other municipalities. Municipal Councils have criticized this method of levying school tax, consequently the Territorial Government is currently studying alternate methods of levying the tax.

Grants in lieu of taxes.

Both the Federal and Territorial Governments pay to the munici palities a grant equal to the property tax on most of their properties. The grant is restricted to those properties designed to house people or equipment and any vacant land not designated as parkland. You can see by Appendix "A" for a comparison of these grants to taxes on privately owned properties.

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Taxes - Proposed pipeline.

Based on the proposal submitted by Arctic Gas and using current assessments and tax rates, I have estimated that the annual property tax would be approximately two million dollars. Under existing legislation and policy, most of these taxes would be paid directly to the Government of the N. W. T. as the pipeline would not be within existing municipal

 $$\rm Q\,$ $\,$ Why is your figure there different than the one given by Mr. Nickerson?

A I'm not too sure.

Q Do you use a seven

hundred mile length?

boundaries.

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A No, the lengths that

I used to calculate it were the lengths on the initial
plan presented by Arctic Gas and used pipe sizes as
they first indicated.

THE COMMISSIONER: What was

Mr. Nickerson's figure?

WITNESS ROBERTSON: Can I point out that Mr. Nickerson's figure was only on the pipeline and not on compressor stations and auxiliary equipment, as I understood it anyway.

THE COMMISSIONER: Does that

make a difference?

WITNESS SMITH: Yes, your honor. There is a significant difference there. I believe if I could just take a moment to refer to my notes--



1:	MR. SIGLER: Mr. Nickerson,
ż	on page three, estimated for a 48" pipe diameter
3	which would be the Arctic Gas proposal and at the
4 /	current assessment rate, it would come to \$984,000.00.
5 ;	THE COMMISSIONER: Yes, right
6	I see.
7	MR. SIGLER: He presumed
3	seven hundred miles of length.
4	MR. SCOTT: As Mr. Robertson
10	said, he excluded all the facilities.
11	THE COMMISSIONER: Yes, that
. 2	probably makes up the difference. In any event, you'r
13	both in the same range.
14	A. Mr. Commissioner, the
15 :	actual calculations for the pipeline itself, based
16	on Artic Gas's initial submission, the taxes would
17	be \$1,414,492,20.
18	Q Okay.
19	A And the additional
20	\$600,000.00 was my own estimate of the approximate
21 1	tax that we could expect to receive on pumping
.2 !	stations, and auxiliary residence, et cetera.
23 "	MR. SIGLER: Sorry for
24 1	interrupting you, Mr. Smith. I just wanted you to
2 ", "	explain that.
1 4	MR. SCOTT: We've reduced
17	the difference to half a million dollars.
)	MR. COMMISSIONER: What did
29 !	Mr. Nickerson say was the goal in terms of taxation?

No account be less than fifty million per annum on the



Arctic Gas system for example. Well, that's total revenues of all sources, I guess, he was speaking of there. Right. So, carry on sir.

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A Additional municipal tax revenues. Should a pipeline be built down the Mackenzie Valley, there is little doubt that there will be substantial expansion in the Mackenzie Valley communities. The expansions will increase the tax base of these communities. To what extent, I'm not prepared to guess. It will take one to two years to prepare the sites and another one to two years to construct the improvements and when the improvements have been constructed, the assessor will value them and taxes will be levied in the following year.

In effect, it could take three to five years from the time a municipality starts to spend money developing building sites until they can expect any tax return.

Manpower requirements. With the advent of a large industrial expansion such as the Mackenzie Valley Pipeline, there'd be many new leases on government land, many new land subdivisions created and many new buildings constructed. All these would require inspection which would create a substantial increase in the workload per our assessors. I am confident, however, that my staff and myself can a dequately cope with these expansions and continue to give municipalities the assessment service they require.



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THE COMMISSIONER: Yes, thank

you, Mr. Smith.

MR. SIGLER: Mr. MacLeod?
WITNESS MACLEOD: Mr.

Commissioner, the purpose of this submission is to describe the composition, functions and responsibilities of the Municipal Affairs Division as they relate to the status of the communities in the Northwest

Composition of the division.

The Municipal Affairs Division is divided into five main sections which interrelate to form a composite means of providing financial and administrative aid to communities as follows:

Assessment. The assessment section provides an ongoing assessment service to the incorporated tax-based municipalities in the N. W. This service is provided free of charge. Authority for this program is contained in the Municipal Ordinance. Assessment of real property outside of municipal boundaries is authorized under the provisions of the Taxation Ordinance. A separate submission has been made to this Inquiry on the subject of the assessment of property for taxation purposes.

Airports. The airports section co-ordinates a joint program between the Government of the N. W. T. and Transport Canada for the development of rail transportation services and facilities for communities in the N. W. T. A training



program for airport maintenance and air to ground communications involving local residents is about to commence.

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The program is designed to improve the standard of living and quality of life for northern residents by providing more reliable and possibly lower cost air transportation.

Financial project management.

The provision of financial support to all communities is provided by direct unconditional grants, conditional grants, debenture loans, the supply of building, mobile heavy equipment and water and sanitation installations. The type of assistance provided varies depending upon the status of the community as follows:

Tax-based incorporated Municipalities which consists of cities, towns and villages have provided a per capita grant.

A fifty dollar per capita grant is issued annually to each municipality. The grant is designed to lower the overall general burden of taxation and it's based on the latest Federal census population figures plus an annual growth factor of six percent.

Water delivery grant. Where water delivery is effected by tank truck to residences not on a piped system, the Territorial Government subsidizes the difference between the cost of delivery and the amount collected from householders. Householders are entitled to receive one thousand gallons of portable water per month for five dollars per month.



Commercial/industrial establishments pay the economic rate for deliveries received.

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Road maintenance grant.

To assist in the maintenance of roads, the Territorial Government funds forty percent of the previous year's audited road maintenance expenditures.



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Grant in lieu of taxes.

The Territorial Government provides a grant in lieu of taxes on all its properties except those exempted under the Federal-Municipal Grants Act. The assessed value of properties is calculated on the same basis as private properties and local mill rates for taxation apply.

In municipalities where local School Boards have been established, the Territorial Government pays the full mill rate for school properties in addition to the general mill rate.

Road and sidewalk construction.

These are capital grants. The Territorial Governmen t

pays 50% of approved road and sidewalk construction

programs including paving. Advance notice of proposed

programs is required for inclusion in financial

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forecasts and the extent of such programs is limited to the availability of funds.

Water/Sewer capital grants.

Approved Territorial Government policy provides that the Territorial Government will fund the total cost of water/sewer main trunk lines, from intake to outfall. This includes lift stations and pumping stations. Lateral extensions to such systems are the responsibility of the municipality and are normally funded by local improvement taxes whereby the costs are assessed against the frontage of properties benefitting from the work and the costs amortized over a period of years.

These are major undertakings



requiring advance notice in order that the necessary funding can be secured.

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Debenture loans. Debenture loans are available to cities, towns and villages for capital projects such as sub-division development, road construction, lateral water/sewer extensions, mobile equipment, etc. The loans are amortized at current interest rates over the estimated lifetime of the asset acquired. Borrowing is limited to 20% of taxable assessment in cities and towns and 10% in villages. In calculating the borrowing power of the assesed value of properties owned by the senior governments is included. Self-liquidating loans, such as local improvements, are not included when calculating borrowing limitations. The Government of the N.W.T. is the funding agency for such loans and with the exception of borrowing from the Central Mortage & Housing Corporation, municipalities are not required to seek other agencies for capital borrowing purposes. Non tax-based communities such as hamlets and settlements are funded in a different way.

Hamlets are provided with an annual operating grant based on the budget prepared by the Hamlet Council which is negotiated with the Territorial Government. The budgets are designed to cover all of the operating costs including the supply of municipal type services and the salaries and wages of required personnel. Annual indemnities for hamlet councillors are included. Capital grants are provided to hamlets for mobile equipment and buildings on the



basis of need, and depend upon the availability of funds.

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funded by the Government of the N.W.T., based on budgets prepared by our regional offices to cover operating costs. An annual unconditional grant of \$20 per capita is provided to settlements to a maximum of \$12,000. The grant may be used at the discretion of the Settlement Advisory Council to assist in maintaining and developing the local community facilities. The money is primarily used for setting up administrative resources in preparation for the next step to hamlet status.

The division also controls and monitors the funds provided for water/sewer projects, mobile equipment required for road maintenance, fire protection, water delivery, sewage pumpout, garbage collecting, etc. Funding for garages, office/fire halls, laundry/bathhouses, community freezers and fire alarm systems is also managed by the division. These capital assets are provided to hamlets and settlements on a priority basis and are contingent on the availability of funds.

Water and sanitation. The water and sanitation section investigates the best and most economical methods of providing for the delivery of portable water and the removal of sewage in each community. This is a major task involving extensive research in our efforts to include sanitation and hygiene.



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Our investigations range

from the more elaborate systems to be found in the larger municipalities to the basic needs of small settlements. Policies and regulations are constantly under review to best serve the needs of the people and to protect the environment.

Guidance and inspection. A guidance and inspection section has been initiated to provide advice to local councils and their administrative personnel to ensure that local financial control is effective and responsible. Extensive guidance is provided in procedures and legislation applicable to Municipal Councils. This program is particularly important in newly incorporated hamlets.

The Municipal Affairs Division also implements the provisions of the taxation ordinance whereby real property situated outside of municipal boundaries may be assessed and taxed. Such revenues as are generated flow directly into the general revenue fund of the Territorial Government. An explanation of the tax revenues which could accrue from a pipeline in the N.W.T. is contained in a separate submission to this Inquiry on assessment and taxation.

The division is also responsible for the development of legislative amendments to the municipal ordinance and the taxation ordinance. Amendments to the municipal ordinance may be proposed by the Territorial Government or may emanate from the municipalities themselves through the N.W.T. Association of Municipalities. In both instances the proposed



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amendments are thoroughly discussed with the Association. A complete revision of the municipal ordinance is to commence very shortly in collaboration with the Association, with the objective of reflecting the latest trends in municipal autonomy and financial control.

The levels of local government. An appendix (Appendix "A") is attached to this submission which illustrates the varying degrees of authority and responsibility between cities, towns, villages, hamlets and settlements in the Northwest Territories.

Mr. Commissioner, the foregoing programs provided \$26 million as direct aid to communities in the N.W.T. in 1976. Should you require a detailed breakdown of this funding, I would be pleased to provide it.

THE COMMISSIONER: Thank you,

sir.

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MR. SIGLER: Mr. Robertson? WITNESS ROBERTSON: Mr.

Commissioner, I would like at this time to preface my prepared remarks by expressing to you the thanks of the members of the Association of Municipalities for making available to the Association the funding which is in large part responsible for the work which the Association has given, and also the encouragement which you have given during the period of this Inquiry, and I would like to reiterate that the Association and its members not only have faith



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in this Inquiry, and believe in it and think it was essential, but we also believe that when the recommendations are finally handed down that the Association will be thankful that the time was taken to look into the complete operation and its effects on people in the municipalities.

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The paper which I am going to read is the evidence to supplement the financial recommendations presented by Messrs.Lainsbury, Dusel and Dalby on our first panel, and the following paper attempts to provide a survey of some of the more specific financial issues and problems facing municipalities and recommendations for their solutions.

- 1. Municipal financial needs have been recognized by the Territorial and Federal Governments in certain crucial areas. The examples are, there is a very comprehensive sewer and water grant policy which includes the provision of 100% federal financing for the capital cost of main sewer and water trunk lines.
- (b) a recreation grants list of priorities which was developed by the Association and accepted by the Territorial Government. The list of grants requested in order of priority is:
 - (a) recreation staff at the Territorial Government level to be kept as small as possible, with greater emphasis on recreation leaders at the local level;
 - (b) there should be greater emphasis on the co-ordination of recreation facilities with the Department of Education through co-operation



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in the building of facilities and through joint use of existing facilities.

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- c) the cost of utilities for recreation facilities be borne by the Territorial Government.
- d) 80% of the cost of a Recreation Director's salary should be borne by the Territorial Government.

 In cases where an individual recreation director is not hired at the local level, such a grant should be made available for the purposes of recreation leadership.
- e) the five dollar per capita recreation grant should be increased in line with the inflationary cost of living increases.
- f) a local parks branch should be instituted. This grant would provide funding on a matching dollar per dollar basis to a maximum of municipal population for purposes of developing small neighbourhood parks.
- g) assistance for the construction of recreational facilities should be provided by the Territorial Government through the Department of Education and guaranteeing the use of recreational facilities by its schools for a specific number of hours each week or month.

Overall this policy sees a shift in emphasis from funding programs and personnel at the Territorial level to providing more funding at the local level and a shift from capital recreation funds into the funding of operation and maintenance of recreation programs.

I would add to that, in case the idea is conveyed that we're asking the Territorial

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Government for everything, but the municipalities are going to, if this is accepted and it has been accepted by government with the exception of funds to municipalities, have agreed to pick up all the capital costs of facilities with the exception of \$75,000.00 which is allowed each three years to every community.

mentation of such policies has been thwarted by a lack of funding from the Federal Government. Instead, implementation has been carried out on an ad hoc basis instead of through a comprehensive, long-range program. Such an approach tends to aggravate the uncertainties related to an apparent stop-go Federal program from the North.

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The recommendation of the Association is that funding be made available by the Federal Government to ensure full implementation of approved funding programs.

Many of the major municipal grants are paid on an ad hoc basis often in response to political pressures. This procedure which apparently resulted from a lack of comprehensive and well thought-out grants policy by the Territorial and Federal Government, makes municipal planning difficult. This is particularly true of the less sophisticated municipal councils which may not have the influence or expertise to obtain extraordinary grants. An example is funding available for municipal planning which, other than a meagre \$2,500 per annum, is provided in response to specific briefs and submissions



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rather than through regular channels.

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A recommendation of the

Association is that many of the grant programs which

are now implemented through extraordinary funding

be replaced by an explicit grants policy which includes

specific criteria for grant applications and allows

for planning grants considerably greater than \$2,500.00

a year where required.

There is a second type of major municipal grant which is more properly classed extraordinary funding. This type of grant is required to meet specific non-recurring needs. Presently there are no specific application procedures.

The recommendation is in light of the projected additional requirements for extraordinary funding, particularly in the high impact municipalities of Inuvik, Fort Simpson and Hay River, it is recommended that there be established an explicit extraordinary funding procedure—financing procedure which would provide funding for extraordinary capital expenditures.

Many of the current municipal grants are based on population, figures and such are vulnerable to the uncertainties of census taking.

The present procedure is to either:

- a) the last Federal census figures available plus an assumed percentage growth factor, or
- b) the census figure yielded from a Territorial approved census carried out by the municipality.

A number of problems result:



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- i) namely that the Federal census figures are usually notoriously low since they do not take into account the large transient population, which nevertheless uses municipal services.
 - ii) the added percentage growth factor usually errs on the low side.
 - iii) There is no stated procedure for municipal census taking unless there's a considerable uncertainty as to whether a particular census taker will be accepted or rejected.
 - iv) even when the municipal census figure has been accepted, it is not used for calculating grants for 1½ to 2 years because of the lead time required in the Territorial budgeting cycle.

We recommend that a specific procedure be established for municipal census taking which recognizes the existence of a highly transient groups. That municipal grants be based on a previous year census figures with an appropriate negotiated growth factor. This recommendation will be crucial especially for municipalities which will feel the pipeline impact of accelerated population increases and will have to react quickly to the increased heavy municipal demands.

Debt financing through the issuing of debentures plays an important part in municipal budgeting, particularly in situations of high rates of municipal growth. Pipeline impact will increase the need for such funding in municipalities to help pay for guickly needed municipal facilities.

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Smith, MacLeod, Robertson In Chief

We recommend that the

Territorial Government, through detailed planning ensure
that sufficient funds are available for municipal
debentures. Of particular importance is debenture
funding for land development, roads, emergency
facilities and recreation facilities.

Demands for the expansion of municipal facilities as a result of pipeline impact may potentially manifest themselves in three ways:

1) the escalating municipal debt

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- 2) the major increases in taxation
- 3) large increase in user charges

Serious problems will arise when demands exceed the capacity of the tax base or the ability of the population to pay for the form of user charges. This problem will most likely be apparent in the provision of facilities and services which are required during a short-term boom periods.

The recommendation is in order that municipal residents will not be left with a legacy of high debt, taxes or other user charges, grants should be available to pay for services and facilities that are required to satisfy short-term demands. For instance, the construction of high-grade, paved municipal road systems which is required during construction only should be financed by the Territorial Government grant.

The presence of the Federal Government in the N. W. T. has been increasing during the last few years. As a result, problems associated



with Federal grants in lieu of taxes have increased.

Examples of problems that do occur are:

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- a) the basis of assessment accepted by the Federal Government is often lower than that used by the Territorial assessor for other properties.
- b) undue delays in the payment of grants in lieu of taxes.
- c) no notice is given when responsibility for land is transferred between the Federal and Territorial Government.
- d) grants in lieu of taxes is not paid for the year in which the land was acquired by the Federal Government.

Our recommendations are that

- a) Federal grants in lieu of taxes should be calculated on the same assessment basis as all other taxes classed since the same municipal services are used by the Federal Government.
- b) Grants in lieu of taxes should be paid promptly upon receipt of municipal application.
- c) Notice should be given to the municipality when lands are transferred from Federal to Territorial Governments, and grants in lieu should be paid for the year or portion of the year in which the land was acquired.

MR. SIGLER: That's the direct testimony, sir.

MR. SCOTT: Mr. MacLachlan?
MR. MACLACHLAN: I have no

questions.

'CULLIFICATIONS & EVIDENCE OF M.S.SMITH MARKED EXHIBIT 795)



Smith, MacLeod, Robertson In Chief

1 MR. SCOTT: Mr. Ziskrout? MR. ZISKROUT: I have no 3 1 questions. 4 MR. SCOTT: Mr. Bayly? MR. BAYLY: I just have a 6 1 few questions. 7 (QUALIFICATIONS AND EVIDENCE OF MR. N. MACLEOD FILED 8 BY N. W. T. ASSOCIATION OF MUNICIPALITIES, SEPTEMBER 9 22, 1976 MARKED EXHIBIT 796) 10 (EVIDENCE OF MR. J. ROBERTSON FILED BY N. W. T. 11 ASSOCIATION OF MUNICIPALITIES, SEPTEMBER 22, 1976 12 MARKED AS EXHIBIT 797) 13 14 15 / 194 20

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CROSS-EXAMINATION BY MR. BAYLY: Q If I could start with 3 you, Mr. Smith, please. You've stated on page 5 4 of your evidence that 1975 property taxes in the Mackenzie Valley municipalities accounted for approxi-6 mately 40% of the total revenues in these municipalities. Can you tell me what municipalities are involved in that total? 9 WITNESS SMITH: Inuvik, Hay River, and Fort Simpson. 11 Q So that excludes Norman 12 Wells and all the other communities. 13 Α The only other communi-14 ties where property tax is implemented in the Mackenzie 15 Valley itself is in Norman Wells. 16 O But it wasn't included 171 in this figure. 18 Α It was not. 19 Was there any reason 2) for that? Is there -- does it just not fit into the 21 total, or were the figures not available? 22 The figures are available but it doesn't fit in because of the different finan-24 cial arrangements in Norman Wells, it doesn't fit into the total. Q All right. When you say "different arrangements" can you just outline what there is about Norman Wells that gives them a different

structure?



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a hamlet, it's a settlement and so it falls under the taxation ordinance and we just simply use the 25-mill rate when establishing Territorial properties.

Q I understand.

A This 25 mills does in no way reflect the actual government expenditures in that community.

Q Now, you've told me now the municipalities. Do you break down the property taxes, or can you do it by who pays them? What percentage, for example, of the property taxes are paid by government, the government being the ratepayer or landowner?

A I did not break them

down but you'll notice on Appendix "A" to my submission

all the dollar figures are there -- the taxes paid by

the Federal Government, the Territorial Government,

and individual property taxes.

Q When you talk about in Appendix "A" federal grant in lieu of taxes, does that represent approximately the taxes they would pay, or is that --

A That is correct.

Q And can you tell me

as well, is there a way of breaking down to find out how much of the assessment is paid not by individuals but by industries, companies that own property, in other words non-voting ratepayers?

A There is and there isn't. If you wanted to break it down by the types



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of property, we can do that. But to date we haven't any figures to break out residences, it may be owned by these companies that you're speaking of.

Q So you're saying the figures could be arrived at by taking I guess the list of owners of properties, but that hasn't been done.

A That's correct, yes.

Q And is there any indication you can give us of how many -- of what percentage of the native people are involved in voting ratepayers?

A I have no such figure.

Q I take it, though, that

in the settlements that you have told us about -- Hay River, Fort Simpson and Inuvik -- there are a number of residents who are not ratepayers because they live either in the example of Hay River in a specified area that is exempt from this sort of taxation, to those who are tenants in government housing.

A Yes, there are quite a few residents who live in Indian & Northern Affairs housing or housing provided by the N.W.T. Housing Corporation, these sort of things.

Q If I could turn to you, Mr. Robertson, you -- if I actually could raise a couple of points that I asked Mr. Hill about this morning. I'm interested in your opinion as mayor in two things: First of all, how big should Inuvik be allowed to grow to be, and at what rate should it be allowed to grow so that you and your Municipal



Government can keep up with the pace of growth to provide the services that are necessary for people moving in, or as they move in rather than after?

Those are the questions I think that Mr. Hill was reluctant to respond to.

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WITNESS ROBERTSON: Well, I suggest that I will respond to them, but the answer, I think, will explain our reluctances. I don't think it's up to council or mayor at this particular juncture to decide what size Inuvik should grow to. It will be up to the people who move in and as it grows they will presumably make their own decisions as to the physical limitations they wish to impose upon the community.

absorb people are concerned, Inuvik is at present taking the attitude that there will be somewhere between 7,500 people and 10,000 over the next ten years. We have seen no figures by anyone that have indicated to us that the population of INuvik for instance could go to 25 or 50,000 people. I think there are physical limitations placed upon Inuvik with respect to its location and its availability of land, for instance, without getting back into the surrounding area, which is quite a bit higher. So I would suggest to you that the first question is that Inuvik will grow at whatever pace it can absorb the increased population and to that increase that people who wish to move to Inuvik will provide it.

Q Well, I understand that Inuvik may be faced with certain physical problems



that may limit its controlled growth, one of those perhaps being a shortage of granular materials in the area. You're already short of gravel and crushed rock, as I understand it; is that correct?

A No, that is not

correct.

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Q All right, so that crisis that we heard about was not really a crisis at all.

MR. SIGLER: Perhaps Mr. Bayly can relate what crisis he's referring.

A Yes, that's what I

would like to know.

MR. BAYLY: All right, as I understand, and perhaps we'll start right at the beginning.

Q Was there at one time
a debate as to whether certain granular materials in
the Campbell Hills area would or would not be available
for the Town of Inuvik?

debate as to whether it would be available or not to the Town of Inuvik. I think it was a question of their availability on a year-around basis to the Town of Inuvik. There's also a proposal for an I.B.P. site which takes in a bare hunk of the Campbell Lake area and the Dolomite Lake area and Inuvik, which would certainly restrict Inuvik's availability of granular material, but by no means would it cut it off.

O I'm not suggesting it



would cut it off, but I take it that one of the things you must consider in how big a town should be is what access it has to granular materials.

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A Well, the answer to that is that within a 35-mile radius of Inuvik there is to the best of my knowledge almost an unlimited amount inasmuch as taking Inuvik as say 20,000 people is concerned of granular material available.

Q And that granular material I've heard from other evidence at this Inquiry, there may be competing demands for, whether they are for a road to Tuk or whether they are for the building of various facilities related to the pipeline or oil and gas development.

A That is correct.

Q Now, when you take into account how much is available within a 35-mile radius have you taken that into account as one of the problems you may face in growing to a certain population?

A Yes, we have, and one of the recommendations which Inuvik has made to both this Inquiry and to the senior levels of government is that it be given as a municipality the right of first refusal on the granular material within that radius of the community.

Q Now, one of the other things that you may face is a problem of what you do with say sewage effluent for a population of 10,000 as opposed to a population of 3,500 to 4,000 which you now have. Is that something you can deal with without



expansion of facilities or alternate lagooning sites?

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A That's something that would have to be expanded. In other words, we have the facilities available, it would be just a matter of making infrastructure to get to them, or alternately putting in a treatment plant. But it's not something we foresee as a major hurdle, let's put it that way, it's a matter of dollars.

Q And another problem that you may face is an adequate water supply for a larger community that might involve water treatment facilities as well as perhaps an alternate source. Do you agree with that?



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information on the Mackenzie River that I'm not aware of, we seem to have adequate water in that area. There is a water treatment plant going in next year which will handle up to 500,000 gallons

I believe on a 24-hour basis. They are insulating at the present on the completion of a contract, a water storage tank in Inuvik, of half a million gallon capacity, replacing one of 160,000 gallon capacity, which will give us a total basically of 660,000 gallons. The present tank is only operating at 80% of capacity and that is 160,000 gallons. So the opposite is true. We have already in place enough to take us --

 $$\mathbb{Q}$$ Have you projected that as being enough for a population of 10,000 people?

A No, they have projected that another 500,000 gallon tank would be necessary in about five years or when we get to the six or 7,000 population area.

Q And are per capita grants and projected assessment likely to be enough to expand these facilities, and if necessary expand your water treatment plant?

A These facilities under the water and sewer policy are paid for exclusively by the Federal Governmentt through the Territorial Government. They are not a drain on the local tax base.

Q So Inuvik could grow without worrying about these things, at least as far as raising the money is concerned.



A Well, I wouldn't say that. They've got to tax the government on it, but certainly 3 it's not a call on the taxpayers of Inuvik at this 4 point. D So this and sewage 6 treatment plants which also have, as I understand, a 7 similar funding arrangement with governments if it 8 can be worked out between municipal and Federal 9 Government --Yes. 11 THE COMMISSIONER: Excuse me. 12 When you said on page 1, 13 "100% federal financing for the capital cost 14 to main sewer and water trunk lines," 15 by "financing" you meant they grant you funds, it's not 16 just a low interest loan. 17 A No, it is actually an 18 outright grant, sir. 19 MR. BAYLY: Q So what this 20 becomes, if I can call it that, is not a cost to the growing Town of Inuvik, but one of the costs of the . 2 ! project, if expansion is the result of the building . 1 of the pipeline and related facilities. . .. A The result of expansion from building a landing. Yes. ٠, It's a normal government service, that's a senior government responsibility. Q And that's something that the people of Canada share with Inuvik as one of



the costs of expanding in this part of the country.

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A Yes, but not only Inuvik. That applies to the Northwest Territories.

Yes, and I'm not trying to be unfair to Inuvik . I'm only referring to that because you have a special position there and can tell us more about that. I wouldn't ask you about Fort Simpson.

You told us that many of the major municipal grants are paid on an ad hoc basis often in response to political pressure, and I gather this last discussion we've had regarding negotiations for water treatment facilities, sewage treatment plants, are the kinds of political pressure you're talking about.

structure, sir. The water and sewer policy of the N.W.T. applies throughout. What we're asking in this particular area is an example would be running a sewer line through Yellowknife. I understand there was a cause at one point to run a sewer line through the City of Yellowknife, which would normally be picked up by the taxpayers on whose property the sewer line fronted, and that particular sewer line was financed 100% by the government, because there was a need for it.

Q So you're talking about bringing political pressure on for things that are not covered by that agreement.

A That is correct. The



Smith, Macleod, Robertson Cross-Exam by Bayly

shoreline in Tuktoyaktuk, the erosion of the bank in Aklavik, the necessity to put in a great deal of landfill into permafrost areas in Inuvik and Tuk before you can build on it, this type of grant. Right now you go to the government with a proposal and they accept it, and the Treasury Board accepts it, you get the money. What we are asking for is some type of either specific or broad guidelines that would give each municipality an equal footing in applying for something like that.

 $$\rm Q$$ $\,$ And would you include in that not only the municipalities that --

A Everywhere.

Q But you'd include the smaller settlements too if they wanted to apply for similar kinds of facilities, if they felt the need for them.

A Yes. In the case of Aklavik, for instance, the erosion of the bank is an area where extraordinary funding is being applied right now.

Q And with regard to the question that Mr. Scott and I were asking Mr. Hill this morning, could you see any reason why smaller settlements should be excluded from certain kinds of decisions on the allocation of resources because they lack and perhaps will lack in perpetuity the tax base which you have in Inuvik and the population which you both have and expect to have in the future in Inuvik?

I'm thinking in specie of communities like Sachs Harbor



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or Paulatuk or some of the other smaller settlements farther up the valley.

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A The answer to that
would be "No." I have no personal hangup on it
at all except that I do feel that, as Mr. Hill
pointed out, in a practical situation that someone
has to review it, otherwise the community may decide
to go out and buy 12 fire trunks because some salesman
arrived. You know, I think there should be a Court
of Appeal whereby you are required to submit a budget,
but outside of that restriction I wouldn't place anything
on it.

Q But you wouldn't object if a community had the authority to make the decision of whether to buy a better fire truck or a worse sewage truck.

A That is correct, yes.

And would you say that

the same would hold for the area of questioning

Mr. Scott pursued with regard to airstrips within

municipalities that with the exception of the expro
priation power by higher governments that there should

be some say in local communities as to where certain

facilities should go, whether they are in the position

of Inuvik or in the settlement position of a community!

like Paulatuk?

A As a general rule, yes,

I would agree that communities should have, within

reason -- now I say that because putting a water

treatment plant, for instance, two miles away from the



river bank aesthetically is going to spoil the view, I think it's a little impractical. There are limits which I think communities should be told, "You can't have it that far back from the river."

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Q Assuming that we have -- that there are abuses possible to the system, whether it's by larger centres or smaller centres within that framework --

A Well, even the larger centres have to ask the Planning Division of the Government of the Northwest Territories if they can put in water treatment plants, in certain areas.

Q What do you have any concerns for this kind of problem, that you've asked for funding from the Federal Government for certain kinds of projects and you have a right to that funding for certain others. If for example you wanted a tertiary sewage treatment plant in Inuvik, you presented a plan to the Federal Government and they said, "Sorry here's a plan for a secondary treatment sewage treatment plant, that's all we can afford." What, can you see that sort of problem arising?

A Well, it has arisen.

It's a matter, as was pointed out by Mr. Macleod,
that one of the big difficulties in municipalities
dealing with the senior levels of government is the
limitations placed on financing through their
budgetary procedures. You know, I think the best
example of this is that the municipalities -- and I
am assuming the settlements -- are advised a year in



advance how much they can have for the government, the N.W.T.'s portion of construction of roads, even though the grant reads that they will pay 50% of the road construction. So if you want to build a million dollar road, legally and under the policy you're entitled to a return of \$500,000. But in practical terms you're advised in advance that there's only \$100,000 there for you. So if you want to build a million dollar road, the community has to be in that instance prepared to pick up \$900,000.

Q So you do see certain problems in that, and that there are limitations on whatyou can do because of funding availability.

A Very, very definitely,

15 yes.

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Q Even if you have your 50% of whatever the cost in your pocket.

A That is correct.

Q So your alternative there is either to raise the assessment or three alternatives, raise assessment, go with the project that the senior government can afford to participate in, or wait.

A That would be the obious three. I think there's a fourth one, though, and the one that the Association has recommended is that budgeting procedures for municipalities and presumably if you want to include all these smaller communities, be done perhaps a little further in advance. In other words, three years in advance so that the Territorial



Government in turn can make sure that the 50% is there, in this instance of roads. One of the difficulties is, I think, that -- and I think this would be reasonably true to say with the sole exception of Inuvik, most places don't get their budget through till half-way through the year in which they're supposed to be spending the funds. Inuvik went to a two-year budgeting situation where in reality if its budget is actually given first and second reading in November preceding the year in which it's supposed to come into.

Q Now, one of the problems with per capita grants, I take it, has already occurred in Inuvik when you lose a population because of slowdown in oil exploration, in Inuvik's case, and in that case you lost 500 people or so, and suffered in programs. Is that correct?

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A If you are dealing with that specific one in Inuvik, the direct result of that would be the loss of the position of recreation in Inuvik and the loss of the position of Assistant Secretary Manager. Yes, we've had to drop basically seventy-thousand dollars worth of positions.

Q One of the concerns about that is that you may have to, in order to keep up the services that you want, be encouraging growth that you may want for no other reason than for the increasedper capita grants that that brings.

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A Well, to go back to your first sentence in which you said in order to maintain the service; if the people demand the services, they're certainly going to have to have a certain amount of growth to enable them to pay for them, unless of course you wish to become a permanent basket case.

O What I am concerned

about is this; it may be that if this project is as
the applicant suggests, one which will have a peak
level of employment and then will taper off to a
relatively very small staff for operations and
maintenance, you may put in services over a period
of a number of years which will be very difficult
to maintain if the population does happen to decrease
dramatically. Do you foresee that as a problem and
one which you may want to have some different structure
of funding other than per capita grants, at least
after the initial intents part of this: project?



Smith, MacLeod, Robertson Cross-Exam by Bayly Cross-Exam by Scott

A Well, again, I think you'd have to go back to the basic position that, you know, if you're dealing specifically with Inuvik right now, the town has reiterated that we do not want anyone coming into town and we're talking about in as much as the companies are concerned who will just be there for the period of construction. We are not the slightest bit interested in even seeing them to be quite frank with you.

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We would just as soon they set up a camp fifty miles away from Inuvik and flew back and forth from wherever they're coming from, with the result that except for people who are going to be coming in on spec, we don't anticipate a demand on services beyond that which can be normally expected to be there after the pipeline is over. Now, you can go to Uranium City and Elliot Lake & Blind River and see places where it has gone down and there's certain risks involved in running municipal governments, the same way there is in running an Inquiry, I presume.

One of them is that your population may disappear from ten years down the line.

Q I think that's happened

in this Inquiry. Those are all the questions I have.

Thank you very much. CROSS-EXAMINATION BY MR. SCOTT:

MR. SCOTT: Mr. MacLeod,

I would just like to ask you a couple of questions.

I see that you were the clerk of the Township of

Orillia which I understand is in the County of

Simcoe, is that right?



WITNESS MACLEOD: Correct.

Q And the County of Simcoe is made up of a number of townships and some cities, is it?

A One city and the rest

are all townships.

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Q Yes, and what are the municipal units within a township? Are there villages?

A No, no.

Q Are villages outside

the township?

A Yes, they are. They would be municipalities on their own. A township is a municipal body by itself.

Q All right. So, you have

cities. You have --

A Townships.

Q You have townships.

You have villages?

A No. No villages. Merely townships and the one city comprise--there were two cities I should say in the County of Simcoe.

Q Well, let's take the Township of Orillia. What were the communities in that township?

A It's just an area. The township is the municipality.

Q No, but are there crossroads that have names? Settlements, hamlets?

A No, it's just one large



area call	ed the township	•		
		Q	Well, for example, what	
is the ci	ty in the Count	y of S	Simcoe? That's Barrie.	
		A	And Orillia.	
		Q	So, there are two cities	-
		A	Correct.	
		Q	What other communities	
are there	in the county?			
		A	Oh. I'd have to get	
a map and	list all the t	ownsh:	ips.	
		Q	Well, let me ask you	
this; whe	re is the towns	hip o	ffice in the Township	
of Orilli	a?			
		A	It is situated in the	
City of O	rillia.			
		Q	All right. Are there	
any villa	ges or small co	mmuni	ties in the Township	
of Orilli	a?			
		A	Yes, there are.	
		Q	What are there names,	
for examp	le? Give me th	e nam	es of one of them.	-
		A	Severn Bridge, for	a companion of
example.				-
		Ď	All right. What would	
its popul	ation approxima	tely	be when you were there?	
		A	About four to five	
hundred p	eople in Severn	Brid	ge.	
		Q	I see. It's part of the	
Township	of Orillia and	has a	delegate, in effect, on	

the Township Council?



A Not by award system.

The people in the township are elected from any area at large.

Q All right. And does this little village elect a council of its own?

A No, it doesn't.

Q No. The reason I ask
you is because the township that I live in, which is
in the Township of Erin in the County of
Wellington has within it a number of settlements
which elect their own councils like Hillsburgh and
Erin and so on, to which delegates go to the township
council. Are you familiar with that system?

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A No, sir.

won't trouble you with it anymore. I simply raise that because I get the sense in Ontario that a community like mine, which is under a thousand people, has a greater opportunity to select its own priorities for the purchase of goods and services than a like community in the Northwest Territories does. Would you agree or disagree with that?

A I think that the communities, say the non-tax based ones, have a fairly good say in what their priorities are as far as needs are concerned. They express their needs and this is reflected in our estimates. If possible, we'll endeavor to help them establish their priorities and help them acquire the essentials that they need.



1.	for example, that Good Hope is entitled to recommend
2	but others decide as to what will be purchased or
; ,	what will be done.
4	A Well, others have to
5 :	decide due to the financial limitations.
÷	Q All right, but others
7	do decide and while they may recommend, the decision
8 ;	is made by the Territorial authorities. Have I got
r,	that right?
	A That's correct.
: !	Q I also have the impress
2 1	that in Ontario, a community with an elected council,
3	the size of Good Hope, let's say five or six hundred
4	people, would have a greater right to select its
5	priorities for expenditures than would occur here.
3	A Probably the difference
7 4	is because in Ontario the people are raising their
3 ¹	own funding.
9	Q All right. Now, isn't
0	that the fundamental difference in the whole system
1	that as soon as you can establish that you're raising
2	the funds yourself out of your community, the policy
1	then is to allow you a certain say over how they're
4 /	raised?
5 1	A Certainly the Municipal
ô	Ordinance provides that municipalities may strike
7	their own budgets.
9	Q All right. Do you
' ; .	think on balance that that's a realistic system in
	a territory where the vast majority of the financing



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Smith, MacLeod, Robertson Cross-Exam by Scott

Q All right. Okay. Well

for	everything	comes	from	the	Federal	level	of
gove	ernment?						

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A I don't think I should be prepared to answer that sir. These policies are developed elsewhere and merely implementing them.

now, Mr. Smith, I noticed in your paper that you commented, let's see if I can find it now, commented when you were dealing with grants in lieu of taxes on page number six that the grant, and I take it that that means the Federal or the Territorial grant, is restricted to those properties designed to house people or equipment and any vacant land not designated as park land. Are you telling us there that the exemptions from the grant are the exemptions that are spelt out under the statutes of Federal Grant Statute?

WITNESS SMITH: I am.

Q And generally what are those exemptions? I don't ask you to read us the whole statute but in substance, what are they?

A In substance, they say buildings or designed to house equipment and people.

Now, there are many other things that we would assess and tax an individual on that the Federal Government won't pay grants on. Examples would be petroleum storage tanks.

O Yes.

A Pipelines. If the

Federal Government owns a pipeline, they will not pay



a grant in lieu of taxes on it.

Q All right. What else?

A Industrial fencing,

communications towers. There are many of these types of things. There are considered to be structures by law and assessable as real estate.

Q Have you any estimate, no matter how rough, of the exemptions that exist in favor of the Federal or Territorial Government which would not exist in the case of a private owner and roughly what the value in taxes of those exemptions is. Wouldn't that be something that you look at enviously every once in awhile?

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We have not even bothered to value these properties, so I would only be a wild guess. Our biggest non-taxpayer is the Northern Canada Power Commission.

The only grant in lieu of taxes they'll pay is on their residences and any administration buildings that they occupy. They won't pay on any of their plant facilities, their power lines, or their dams or anything like that; where conversely Alberta Power who provide the power in Fort Providence and Hay River, pay full taxes on all of their generating and transmission and distribution equipment.

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Q Yes. Is there a difference between, as far as you can judge, between the exemptions that are granted to the federal and Territorial

Governments on the one hand, and the exemptions that are granted or that exist in favor of the provinces?

You've dealt with Alberta as one example.

A No, there are -- I do

not believe there are any differences except that

in the Northwest Territories we are blessed with many

more Crown corporations, all of whom, according to

their Statutes, under which they were enacted are

exempt from property taxes.

Q Mayor Robertson, have you any rough estimate of what the non-assessable federal and territorial properties in Inmvik, for example, would be worth in taxes or grants in lieu of taxes?



1	rough estimate of the Crown corporations we are
deri.	blessed with? I would suggest that we're not
3 "	blessed with any Crown corporations, but
4 :	Q I'm/concerned about
5	corporations so much.
6	A They'rethe largest
7	exemptions in Inuvik, though, if you're asking about
8	that.
3	Q All right.
10	A The Northern Canada
11	Power Commission have facilities there that at a very
12	rough guess would yield to Inuvik perhaps somewhere
13	in the neighborhood of \$35,000 a year in taxation.
14	WITNESS SMITH: I would suggest
15	that that is very conservative.
16	Q All right, on top of
17	that, what other exemptions?
18	THE COMMISSIONER: What was
19	the figure again?
20	WITNESS ROBERTSON: A \$35,000 but probably
21	that's conservative.
22	MR . SCOTT: Well, you're
23	getting a better assessment service than you need.
24	Q Well, tell me this
25	THE COMMISSIONER: He has been sneaking
26	up there to look at them.
27	MR. SCOTT: Q Apart from
29'	Canada Power Corporation, have you any way of assessing
29 '	roughly what the exemptions cost you in addition to
: 0	that in the Town of Inuvik?



A No, there are very few exemptions apart from Northern Canada Power Commission, so I would expect that if my estimate of \$35,000 is in fact conservative, then probably the maximum total we are missing from everything would be in the neighborhood of 70 to \$100,000.

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Q Yes. Well now, I notice, Mr. Smith, that in Mr. Robertson's paper he says that, he deals with problems associated with federal grants in lieu of taxes in paragraph number 7, and he says:

"The basis of assessment accepted by the Federal Government is often lower than that used by the Territorial assessor for other properties."

What do you say about that?

WITNESS SMITH: I think that
he's probably quite right, speaking historically.

It was the practice of these so-called contract
assessors that when they came across federal Government
property they didn't do a proper job of evaluating.

They knew it was exempt from taxes and therefore they
didn't think about the grants in lieu of taxes.

Consequently — and then when grants in lieu of
taxes came in, they thought it was another good avenue
of getting more money out of the Federal Government.

But since my tenure in the Northwest Territories, I've
been working very closely with the federal grants
people and we have resolved pretty well all of these
problems.

 $$\sf Q$$ ${\sf As}$ a matter of theory then, it's your view that federal and territorial and



private property should all be assessed on the same basis.

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A I do.

Q Well now, Mayor

Robertson, I want to ask you about problems of inmigration. I want you to assume for a moment that there may be in the Town of Inuvik when construction begins an in-migration of unemployed persons seeking employment who come to the Town of Inuvik because they hope to find jobs but are without them when they arrive. What — how do you view the responsibility for, if any, for providing assistance to those persons? I speak in terms of welfare or anything else.

WITNESS ROBERTSON: The

assistance which would be afforded them would not be under the jurisdiction of the Town of Inuvik.

That would be the Territorial Government. The town generally speaking would not get involved in looking after or helping to finance people who are unemployed staying in Inuvik. The town's concern, I suggest to you, would be more social inasmuch as the pressure would be on people who have residences in Inuvik to take in some of those transients until they supposedly found work, and through the family that has the house we would get pressure for increased garbage pickup and increased police services.

Q Well, would it be correct to say then that your municipality and perhaps the others in the organization that you're representing on the panel, are planning for the pipeline period on



the assumption that insofar as the towns are concerned it will produce a number of employed persons who seek to move into the town with income, but you're not contemplating any influx of unemployed persons.

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5 4 5 29 A Pardon me, you said employed persons coming into town. You mean unemployed people coming into town with incomes?

Q I take it that you're planning for this pipeline project as if the only people it will produce in your community, on the doorstep of your community are people who have incomes and who have jobs.

A That would generally be correct, yes, except for the planning for police services and the infrastructure which we would assume at any given time an X number of bodies unemployed in all of these communites. I think what you're getting at, if I may say so, is that you're trying to see if we have any plans for dealing with an influx of people who have no work and no money.

O Yes.

A And I suggest to you that is the responsibility which has not at this point been delegated to the municipalities and therefore has not been part of their planning.

Q All right. Well now, what plans have you made with respect to policing and infrastructure?

A The infrastructure, as

I mentioned earlier, has been designed and is presently



. "	being put in place to handle in Inuvik's case, up to
2	10,000 people. The planning with respect to the
3	Police Force has been done almost exclusively, I would
4	suggest, with the R.C.M.P. in most of the communities
5 ^k	in which they have jurisdiction. But more specifically
C i	in Inuvik's case we anticipate that instead of
7	having one by-law enforcement officer we'll probably
8	in all likelihood have a situation which will demand
9	a 24-hour servicing of that, and with the result we'll
0 0	probably need about four or five just to cover what
1	presently one is doing, and that will be away out of
2	proportion to the increase in population we're
3	expecting.
4	Q Do you know anything
5	about what plans, if any, are being made by the R.C.M.P
6	with respect to the policing of Inuvik?
7	A Only generally, I have
8	not seen any specific plans but I understand they
3	have in place some plans to increase both the
2	detachment and the patrolling of the Dempster Highway
1	from Inuvik.
2	Q How many developed
3	building lots are presently available in Inuvik?
4	A There is at present
5 -	you mean available for sale?

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Q Yes.

A There is as of October
8th, 96 mobile home properties, about 30 acres for
high density, that is about 30 units per acres
medium density, pardon me, and approximately 50 single



family dwelling lots available. This is property available over the counter right now or it will be within the next two weeks when we finish the utilidor.

Q Yes, and what do those single family dwelling lots cost approximately?

A !!

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A The cost right now is between \$8,500 for an unfilled lot, and \$13,500 for a filled lot.

Q And then the trailer lots that you described, of which there are 96, they are serviced, are they?



*	in the they are, sir.
ů.	Q What do they cost?
3 1	A That has not been
4	determined as yet since we are just completing the
5	utilidor As soon as that's finished, we'll divide
6	the ninety-six lots by how much it's cost us to service
7	it and we anticipate that it's going to be somewhere
3	in the neighbourhood of seventy-five hundred dollars
0	per lot.
10	Q Yes, and then you said
11	you had thirty acres and I missed what you said about
L2	that thirty.
L 3 g	A For medium or high
14	density. At present this is zoned for medium density.
L5	That is, apartment blocks up to thirty units per acre.
16 .	Q I take it that that's
17	for sale? No developer has come along and said that
18	he's prepared to develop that yet?
-9	A That is correct. That's
20	for sale over the counter.
21	Q Is that serviced?
22	A Yes, it is sir, yes.
23	Q Have you any idea of
24 H	what that's for sale at?
25 ^{li}	A It will be again for
26	sale on a per square foot basis depending on how much
7	property the person wants and again, it's just a
3,	matter of taking the cost of developing that property
19.	and dividing it by the total square footage. Right
	now the price for serviced property for medium density



is selling in Inuvik in the neighbourhood of \$1.34 per square foot.

Q But this thirty acres is for high density use or apartments or something like that?

A Medium density which would be townhouses or a maximum of thirty family units per acre.

Q I see. Is there any way of breaking that out, bearing in mind the maximum number of units that could be put on the thirty acres?

A I don't follow you.

If you were allowed thirty units per acre and you've got thirty acres, then you could presumably put nine hundred units.

 $$\rm Q$$ All right. That would be the maximum utilization of that area.

A That is correct, yes.

Q Then can you tell us

what the per unit cost would work out to?

A If you take housing that is being constructed in Inuvik this year, that is the apartment block that's in fact the only apartment block that's going up by a private developer, which is the Inuit Development Corporation, I believe they're paying somewhere in the neighbourhood of sixty-four dollars per square foot including land cost and most apartments would be in the neighbourhood of one thousand square foot. So, you're looking at sixty-four thousand dollars per apartment.



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Smith, MacLeod, Robertson Cross-Exam by Scott

· 1 I think those are all the questions I have. Thank you gentlemen, very much. THE COMMISSIONER: Mr. Robertson, you were here this morning and heard that 4 discussion I had with Mr. Hill about Mr. MacLeod's 5 evidence? 6 7 A Yes, I did sir, yes. 3 And you referred in your evidence to the vulnerability of census figures. 0 Do you have any comment on Mr. MacLeod's evidence or 10 11 Mr. Hill's? 12 A Well, for the sake of--13 Q How many people do you think there are there? 14 15 A I think personally there's around 3,500 and I would suggest to you that Mr. 16 MacLeod's figures were out by an even thousand but 17 as he came and saw me the day before he left and for 13 some reason or other he picked up my answer to him, 19 less a thousand. 27 21 Oh, I see. If I may comment on this 22 numbers game that everyone seems to be involved in; 23 it's actually a matter of consultant incest from what 24 I can see. They talk to each other. I know we tried 25 tracking down where the base data came from for our own purposes and certainly the bars in the country

are doing pretty well if the source of information

is any indication.

How they actually arrived at



Smith, MacLeod, Robertson

them, we could never find out and I must admit, we are in a situation in Inuvik where we literally picked a figure out of thin air and said okay, let's plan for ten thousand. Reasonably expect somewhere between seventy-five and eighty-five hundred people to arrive.

Q Well, at any rate, you feel that the current population of Inuvik is about 3,500?

A That is correct, yes.

I would say somewhere in between thirty-two and thirty-five. The census figure was 3,164 and generally they allow a ten percent leeway.

Q Two years, two and a half, three years ago, when presumably oil and gas exploration activity was at its height, about how many permanent residents were in Inuvik?

A I would say again, I think probably I would come up with somewhere between 3,900 and 4,100. I would again think between three and five hundred people more than there are at present.

Part of that has got to be attributed to closing of Stringer Hall, which had perhaps a hundred kids in it. So, you've got to wipe out a hundred children, plus the staff, which have nothing to do with the cil companies at all. You're looking at perhaps a loss of somewhere—

Q Plus the what?

A Plus the staff of

Stringer Hall.

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Yes.



A As you probably know, it's all boarded up. So, there was perhaps a total of a hundred people involved, both children and staff there, which is not related to the oil companies pulling out at all.

MR. COMMISSIONER: Thank you

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very much, Mr. Smith.

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THE COMMISSIONER: Well, do you have any re-examination? MR. SIGLER: No sir. THE COMMISSIONER: Well, thank you very much, Mr. Smith, Mr. Macleod, Mr. Robertson. It's been very helpful to us and we thank all of you for taking the trouble to prepare this material and 3 to give us the benefit of your views on these subjects. 9 A Thank you. THE COMMISSIONER: Thank you 11 very much. 12 (WITNESSES ASIDE) 13 THE COMMISSIONER: Could we 14 adjourn for coffee now? 15 MR. SIGLER: Before we do, 16 sir, I would mention that one of my next witnesses, Mrs. Harris, has to catch a plane at -- would leave 18 here about 4:30 to get her plane back, so if we don't 19 make it too long a break. 2) THE COMMISSIONER: Well, what's 21 the program? Is there another panel or is Mrs. Harris 22 by herself? MR. SIGLER: She's with one . . other person on a panel. THE COMMISSIONER: Well, I'm in 2. your hands. Should we -- do you want to put that panel on now? MR. SIGLER: Well, perhaps

if we broke for 15 minutes, but we're prompt in getting

back.



THE COMMISSIONER: All right.

(PROCEEDINGS ADJOURNED FOR 15 MINUTES)

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. SIGLER: I apologize that the resume for Mr. Goulet hasn't been circulated. We had problems with the mail once again, and Mr. Goulet mailed it to our offices last week and we just received it today.

(EVIDENCE OF R. GOULET MARKED EXHIBIT 798)

R. GOULET, sworn:

MRS. L. HARRIS, affirmed:

DIRECT EXAMINATION BY MR. SIGLER:

Q Mr. Goulet, you were

born in 1938 at Buckingham, Quebec?

WITNESS GOULET: Yes.

 $$\mathbb{Q}$$ And you are married and have two sons and one daughter.

A Yes.

Q And you're affluent in

both the English and the French languages?

A Yes.

Q And you currently reside

in Yellowknife.

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A Yes.

Q And you have some over

15 years' experience in the recreation field.

A Yes.

Q Education background, you

had your High School in Quebec.

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	Q	A Bachelor of Arts
degree from the University	ty in	Ottawa, 1961.
	A	Yes.
	Q	/year Three jourse in recreation
leadership at Algonquin (Colle	ge in Ottawa, 1961 to
1964.		
	A	Yes.
	Q	You've taken three course
in planning and developme	ent o	f parks and play areas at
the University of Guelph.		
	A	Yes.
	Q	You have a permanent
facility manager's certif	ficate	e for indoor and outdoor
facilities from the Unive	ersity	y of Guelph and the
University of Kitchener.		
	A	Yes.
	Q E	Professionalexperience
and your present job, rig	ght no	ow is the recreation
chief in the Government o	of the	e Northwest Territories.
	A	Yes.
	Q	And you've been employed
by the Territorial Govern	ment	in Yellowknife since
1973.		
	A	Yes.
	Q	And when did you become
chief?		
	A	It's a year, approximately
a year.		
	Q A	nd prior to that you

were recreation officer in that department?



A Yes, part.

Q And you're speaking here today in your capacity as chief of the Recreation Division.

A Yes.

Prior to taking

employment with the Government of the Northwest Territories, you were recreation director for the Town of Hay River from 1970 on.

A Yes.

Q And prior to that you've had jobs as park and recreation director for Niagara Township.

A Yes.

Q 1968 to 1970, and parks and facilities superintendent for Nipian(?) Township on the west side of Ottawa, 1965 to 1968.

A Yes.

Q And recreation director and facility manager, Buckingham, Quebec, 1958 to 1965.

A Yes.

Q And I understand you've been a member of several recreation and cultural associations in Ontario and also that you were selected as a member of the Canadian Amateur Hockey Association to travel with Team Canada for the rest of the Canada series and to prepare and submit a report on that, sir.

A Yes.

Q And you've had playing

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in sports and junior-A	footb	all, junior-A baseball,
junior -A hockey and se	enior-	A hockey.
	A	Yes.
	Q	Mrs. Harris, you were
born and raised in Albe	erta.	
	WIT	NESS HARRIS: That's right.
	Q	And you were educated
in Alberta, receiving a	a B.A.	from the University of
Alberta.		
	A	Right.
	Q	In growing up you were
active in youth groups	and in	1 4-H Clubs in Alberta.
	A	Yes.
	Q	Your employment , you've
worked with Alberta Gov	vernmer	nt Telephones, you've
served as dean of women	at Al	berta College in Edmonton.
	A	That's right.
-	Q	You came north first
in August of 1968.		
	A	That's right.
	Q	You've lived in Frobisher
Bay for two years, the	e you	worked as recording
secretary for the Frobi	sher E	ay Advisory Council.
	A	That's right.
	Q	You also lived in Cambridge
Bay for one year and we	re tre	asurer of the Community
Club there.		
	A	Yes.
	0	T wonder if you could

pull the microphone closer to you?

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2	A Is that better?
á.	Q Yes. You lived in
3 #	London, England for one year while your husband
4	attended the London School of Economics.
5	A That's right.
6 }	Q And what year was that?
7	A 1970-71, I guess.
8	Q '70-71, and then you
9	came back north and spent two years in Fort McPherson
10	A. Right.
11	Q And you're now starting
12	your third year of residence in the Community of
13	Fort Simpson.
1.4	A Right.
15	Q And in Fort Simpson
16	You're an elected member of the Village Council, and
17	chairman of the Village Council's Recreation Committee
18	A Right.
19	Q And you're giving
0.0	evidence here today on behalf of the Village Council
21	of Fort Simpson.
22	A Yes.
23	Q And your paper has been
4	approved by the council.
5	A By the council.
6	Q Very good. If I could
7	ask you then, Mr. Goulet
3	WITNESS GOULET: Yes, Mr.
9	Commissioner, this is a paper on the recreation
0 #	services. First is the history, Governmental



recreation is a relatively recent service in the Northwest Territories. In the early 1960s, a recreation directorate was formed to provide a small supportive grant to assist in local program development. It was not until the late 1960s and early 1970s that the services were expanded to the present level.

The establishment of the Arctic Winter Games in 1970 was the first initiative that focused attention upon the responsibilities of the government to support public recreation. It is ironic, but perhaps indicative of the newly formed Northern Games Association in Inuvik prompted these activities to be included as a demonstration in the Arctic Winter Games. The success of the demonstration ensured full native athletic involvement in the following games.

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Recent trends and recognition of needs. Emphasis of the recreation program -
Q Mr. Goulet, I wonder if
I could ask you to read just a little bit slower to
help the reporters out?

A O.K. The emphasis of the recreation program has shifted over the last couple of years. In response to exapanding local needs and involvement, the major portion of the service is now directed to the community. The expanding local needs have come about for several reasons. The development of larger and more modern communities, the move away from traditional native societies having a close attachment to family, the community and the products



of the land; the identity crisis for both natives and non-natives; expanding unemployment or lack of appropriate and satisfying employment; and growing social problems.

Recreation and leisure programs can salve these wounds but only if recreation is accepted in its broad and diverse sense with human growth, and personal development accepted as the major goal. If the services are considered only as a diversionary activity, as is so often the case, they are doomed to failure.

The existing state of services. In the rest of Canada, the origin of the major governmental services is at the local level. In terms of volume of service to the public, somewhat over three-quarters of the public recreation originates from the municipality. In terms of spending (not to be construed as volume of service) in Canada, most municipalities direct in excess of \$60 per capita toward leisure services; some even exceed \$100 for each man, woman and child. Provincial budgets vary but generally from \$10 to \$20 per capita is available for a diverse spectrum of services. Federal spending is difficult to estimate but likely from \$20 to \$50 per capita is directed to recreation. Of this leisure spending, transfers from one level of governmen t to another are minimal.

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Within the N.W.T. many of the federal services are available in some form.

Benefits are gained in communications, cultural and



sports services, while those in transportation and travel, the arts, outdoor and heritage resources are less available than in other parts of the nation, The Territorial level of services is approximately \$3. per capita. The remainder of our budget, another \$15 per capita, is transferred to communities for local services. Except in the few communities with local tax revenue such as Hay River, Fort Smith, Pine Point, Yellowknife, Fort Simpson and Inuvik; this transfer is the only funding available for recreation. A number of small settlements, recognizing the serious necessity for recreation services, have cut back on other local programs to divert more money to recreation.

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In summation, disregarding the Federal services, the Territorial local recreation services are funded to a level of eighteen dollars per capita compared to a level of seventy dollars to one hundred and twenty dollars available for provincial municipal services in other parts of Canada.

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This region is much more expensive to service. In fact, the eighteen dollars per capita should likely be reduced to ten dollars for comparison purposes. What is needed to bring the Northwest Territories up to a national level of leisure services, we must have a serious commitment and massive effort of local, territorial and federal governments focused upon the community.

This is especially necessary in light of the impending industrial development and culture shock facing the North, but the developments cannot be viewed as only a regional phenomenon.

Increased services directed to industrial development areas will certainly have to be matched by increased services throughout the N. W. T. The development of improved leisure services in the Mackenzie Delta to offset the effect of the gas industry will necessitate similar improvements in Pond Inlet otherwise hostility and disillusionment will result.

The top priority must be given to local services, programs and education, not the extensive development of facilities or territorial level of programs. The most critical need is the development of local recreation leadership and leisure



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education for the public. Evidence of the success of this leisure approach is shown by the Northern Games Association which has provided a recreational link with a cultural heritage. A strong commitment and a sense of identity and purpose for a group of people that have been in a serious state of social disorder.

All this was done through the initiative and concern of several leaders without massive facility development. This is not to suggest that some basic facilities are not necessary. Indeed the construction and operation of such facilities as community halls, providing social and cultural space are a necessity. An attractive physical environment is required to promote community pride and involvement.

Included, of course, should be outdoor play space for young and old. The least important facility needs are the massive sports complexes that are often promoted as being the solution to recreation needs. Their operation costs may be a burden on the community. One only has to look at such centres in various locations in the N. W. T. to discover that facilities do not develop leadership or effective programs.

Adequate facilities can
enhance a good program but cannot replace it. Another
priority which flows from leadership development is
the establishment of local services and programs that
accept people as individuals with diverse interests
and capabilities. These programs and services must
be capable of providing satisfaction for those interested



in the arts, heritage, the outdoors, sports and social activities. Most important they must accept the individual at his level of interest or skill. This requires a local approach and a necessary local level of funding. Standarized programs that are incapable of accommodating individual needs will be only marginally successful.

In summation, the top priorities in accommodating the mass undertaking necessary to improve the leisure situation in the N. W. T. are:

development of local leisure. Local leisure education.

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- 2) the establishment of a diverse range of local programs and services that accept the individual and his needs.
- the development and operation of basic community facilities that foster social, cultural and physical activities but do not overburden the community's resources. The facility is subject to and dependent upon the program.

Necessary resources. The necessary resources to bring about this leisure development are funding, competent staff and most critically time. Rather large amounts of money are necessary to bring the recreation services up to the national level. The required funding may, for a few years, exceed the national level in order to close the gap in such areas as leadership development.



staff are needed to bring about recreation programs and local leadership. It is essential that these people be motivated to assisting the local people in becoming involved and to determine their own recreational future. The most critical resource and one which may already be too scarce and impossible to supplement is time.

tremendously beneficial effects in bringing people out of a traditional or primitive society and easing them into a modern, industrial, or post-industrial situation. They may not, however, be able to counteract fully the made rush of progress that appears to be pushing north. It is crucial that the maximum amount of time be taken to allow recreation, and other social programs, to help the people accept the influences that are changing their lives.

MR. SIGLER: Thank you, Mr.

Goulet. Mrs. Harris?

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WITNESS HARRIS: Mr.

Commissioner, the following is a brief prepared by
the Fort Simpson Recreation Committee for the Northwest
Territories Association of Municipalities with
relationship to existing recreation facilities and
programs and a review of issues, problems and possible
solutions and the effect a possible pipeline would have
on the above.

We will begin with an introduction to Fort Simpson's population profile.

The population by the 1975 census was 1,200. According



to the Federal Census taken in June of this year, the population had dropped to 1,133. This drop could be related to one of three factors.

By June a large number of people had left for summer vacation. A number of families had transferred and the replacements had not yet arrived or it may be due to uncertainty in northern development. Jobs are scarce. People have had to look elsewhere for work. The population is divided almost equally between white and native.

permanent residents and others are transient. By transient, we mean employees who frequently move within their related fields. Approximately 450 children are under age sixteen. This was taken from the school enrollment and pre-schoolers. The estimated second largest group, about 400 fall in the young adult age bracket, from 16 to 40. Approximately 200 people would come in the middle aged years group from 40 to 65 and there are about fifty retired citizens.

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This profile is typical of developing areas around the world. The projected population figures provided by the Mackenzie Valley Impact Study, 1975, Stanley and Associates, are divided into a pipeline and no pipeline. By 1978 the pipeline figures would be 2,050. Without a pipeline, 1,450. By 1980, our population should reach 2,370. Without a pipeline, 1,660. By 1990, the population with a pipeline should be 3,800. Without a pipeline, around 2,700.



In the event of a pipeline, these figures will probably alter the profile, mainly in the young adult age bracket, and also there would be an increase in the number of small children.

However, the impact on the present recreational facilities would create more major problems than already exist. Below is a list of our present facilities and the condition they are in.

The community hall is an inadequate facility, unattractive, too small, in need of repair and general upgrading. The hall is used for dances, bingos, receptions and other community functions. The hall is used by a cross-section of people. Apparently the hall was built about 1958. In 1972, the village applied for a LIP grant to upgrade the facility. The hall is used for about sixty hours for the year of 1975 and the cost of operation per month is about a thousand dollars and the revenue that the hall collected for the year was seven hundred dollars.

The curling rink is attachedTHE COMMISSIONER: Excuse
me. The Inquiry held a hearing in Simpson about a
year ago.

A Yes.

O Was that in the

community hall?

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A Yes. Oh, just a minute.

I wasn't at that hearing. Was it in the village office
or was it in a--



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1	Q We	e held two hearings.
2 !,	One in a hall connected to the	school where the native
3 4	people spoke and the other one v	was what I think was a
4 (community hall. As you describe	
.i.	the building in my mind's eye wh	
6 1	hearing but I might be wrong.	
7	A Wa	as it depressing?
8 1		ardon me?
9	A Wa	s it a depressing
0	building?	•
1	Q We	ell, I don't know.
2		ell, if it wasn't,
ł. 3	then it couldn't have been the a	

then it couldn't have been the community hall. The curling rink is attached to the community hall. It has two sheets of indifferent ice and other facilities are below standard. The curling club are endeavoring to make renovations. Approximately sixty-five to eighty adults curl. When I spoke with the fellow who was in charge of the curling club, he said that they had fifteen rinks last year. Two of the rinks consisted of natives and there were thirteen rinks of white people.

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But during the bonspiels a lot more of the native people came out to curl.



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The Curling Club or the curling rink was used 135 hours last year at the cost of \$275 per month, and there was no revenue generated from it. The arena was built about 1962 by the Catholic Church. It was sold to the government in 1965. Last year for hockey the arena was used 140 hours, the total cost per month was around \$1,575, and the revenue that this generated from the use of the arena was about \$12.45. The arena is too small, it's poorly located in the flood zone. It has poor facilities such as wash rooms, showers, which they can't use during the wintertime, and the view areas are all below standard.

The swimming pool is located here in the summer. The dampness and lack of paint make it dingy and cold. This past swimming program attracted 50 to 60 children each day. Most were younger children, 12 and under, which would indicate the pool is too small and unattractive for older children. The pool was used 130 hours and approximately costing the community \$1,700 per month to operate, and the revenue for that time was \$39.

The school gym, the gym playing area is standard, standard size, but it has insufficient space for spectators bleacher area.

It is probably the most well-used facility in town, mostly used by young adults and students for badminton, jogging. volby-ball, basketball, concerts and Beavers.

Track and field area. At



present, Fort Simpson has the only track and field area in the Northwest Territories. We're having difficulty in keeping it properly maintained. It is combined with a playground and ball diamond. The ski lodge which recently burned, along with the existing equipment. This leisure activity should be one of Fort Simpson's major winter attractions. There is one theatre which is privately owned. There are two lounges, both seem to provide the major recreation for the community and probably one could say they are probably the best indirectly funded government facility.

At times there would be up to four eating places, all privately owned, and another eating-drinking place is being built.

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There is a library opened about six hours a week, circulation varies between 100 to 300 per month. No funds are available to increase the library hours, and there is a potential for a museum. The potential for the area includes boating, canoeing, some fishing, some hunting, cross-country skiing, snowmobiling, and camping.

The problems that the

Recreation Committee finds itself faced with are
those which are divided internally and externally.

The internal problems are there seems to be an inability
for natives and whites to work together in developing
recreational programs which could create the sense
of community which presently does not exist. Only a
small segment of the white population is ready, willing



and able to do most of the work and provide the recreational programs, and these mainly are transients. A somewhat negative feeling towards any group or organization which attempts to create community activities, there is little community involvement.

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The population is very transient, consequently programs fail when leaders leave. Last year we were unable to run a Scout Club program because there was no one interested in taking it over. Because of poor advertising facilities there is not enough opportunity to make the public aware of programs. We have no local newspaper and our radio station is shut down.

The tax base for the community is very small so local money is not plentiful.

The external problems are, lack of direction from the Department of Recreation, Government of the Northwest Territories, with reference to program development and government assistance; lack of funding for professional help re recreational director.

Unfortunately, the philosophy of the government is that directors don't encourage local participation.

The Territorial Government policies are developed without asking communities for input. Unfortunately what in theory appears good, in fact may create other problems. Therefore if more input from individual communities was asked for, less unnecessary time and money might be wasted.

The possible solutions for the above problems are again divided into internal and



external. Internally the people within the village will have to be more positive and supportive in their attitudes towards leisure time activities. Consequently more people will be required to take an active part. For children's programs, more parents will have to be less apathetic and more willing to do their share. People will have to participate more in community endeavors such as building the new recreational facility, helpingto upgrade those which presently cannot be replaced. The Recreation Committee has reserved property for the required complex and also it has been doing some of the necessary ground work. The lot is in part of the school complex and has sufficient area for arena, curling rink, community centre, swimming pool. Destruction and vandalism of public property, ie. playgrounds, recreational facilities, andother public property will either have to be severely punished or in the case of children, engaged in vandalism, parents must be made to cover the cost of restoration.

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The possible external solutions are the recreation director is necessary to provide the community with a long-term necessary leadership it requires; decentralization of the executive body; more money be made available for the upgrading of some existing facilities and building of new facilities such as the proposed arena, curling rink and swimming pool the Recreation Committee are presently investigating.

Even done in stages, the



initial cost of these would be a half a million dollars. Monies to be made available for transportation to competitions, a requirement that assistance, money and technical come from the pipeline builders and should be extended to include secondary service companies that are always required to any primary industry. Along with these secondary services there will be an influx of young males who will be a disruptive factor unless adequate recreation facilities are available.

often cuts off funds with a disregard to the consequences of such cuts. Apparently a pipeline will be built before this northern village is socially able to handle it. As a result, considerable leadership and assistance must come from the pipeline company and related industries, not forgetting that there is an onus, too, on the villagers to do their share with all respect to the new spelling of "onus".

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We have presented a depressing but true picture of Fort Simpson, and in our proposed possible solutions, hopefully have made the point that an onus be placed on the pipeline builders and related industries for money and aid are imperative if every facility of recreation in Fort Simpson is an insurmountable problem which will only be compounded by a pipeline without considerable assistance.

As was pointed out in the population profile for Fort Simpson, it's a two-culture community. It is therefore a must that all segments of the community



be included and able to participate in any leisure time activities that will fulfill each individual's needs and also bearing in mind that each Mackenzie Valley settlement has problems unique to that community; and for the Community of Fort Simpson the requirement is that funds be made available now so this community can begin its preparations by building the much-needed arena, curling rink and swimming pool, along with the upgrading of the track and field.

Thank you, Mr. Commissioner.

MR. SIGLER: I'd mention

again, sir, that Fort Simpson has been given in evidence as an example of one community's current recreation issues, and tomorrow we will have evidence on Hay River problems, and Mr. Lefebure's paper will be given.

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THE COMMISSIONER: I just wonder, Mr. Goulet, if you would comment on a couple of things that Mrs. Harris mentioned?

Q By the way, Mrs. Harris, I think the hall where I held the meeting, I think the library and the old radio station were in the back of it.

A On, that is the Community Hall. The library is no longer there, and the radio station is now defunct.

Q At any rate, at page

4, Mr. Goulet -- Mrs. Harris, this is in her paper -
"External problems, No. 2, lack of funding

for professional help re recreation director,



unfortunately the philosophy of the government is that directors don't encourage local participation."

I take it, Mrs. Harris, you meant the governmen t feels that by providing you with funds to appoint a local director of recreation, takes the onus off people like yourself getting involved, is that the point?

A Well, the philosophy is that if there is a recreation -- right, if there is a recreation director then people don't become involved.

Q Yes. Any comment, Mr.

Goulet?

WITNESS GOULET: Well, on this here, previous we did have grants program provided grants to hire a recreation director on a 50-50 basis, and this was replaced by the per capita grants to which is on a \$5. per capita basis, and if the community would utilize it at whatever they feel to offset the cost of the recreation program or facilities and that. We encourage communities to hire recreation directors or develop leaders within the community.

Q One other thing. I
was just wondering if you were at odds with Fort
Simpson people, this brief having been endorsed by
the Village Council, I guess. Mrs. Harris says that
money should be made available so that they can
build a complex that would include an arena, curling

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rink and swimming pool. I think that's what you had in mind. Does that conflict with your philosophy, Mr. Goulet, in which you were opposed, I gather, to what you called somewhere mass sports complexes. I don't know whether that one was a mass one, but --

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Goulet, Harris In Chief Cross-Exam by Ziskrout

It's not that I'm opposed to sports complexes but being in the Territories for seven years, since '70, and being with the 4 Recreation Division for four, I've seen many of these 5 complexes that are built now and are in operation and 6 many of the communities cannot make the operation cost of these facilities and they become a burden to the community and instead of pulling the community together, it divides the community of pro and cons 10 towards the cost, the operation and there's no money 11 available for other programs. 12 But it's not that we're against 13 these massive sports complexes. It's just before a community answers any negotiations to build such a 15 complex, they should take a good look at it and study 16 not only--the capital monies is easy to get. It's after the complex is built. That's the burden. 18 THE COMMISSIONER: Sorry. 19 Does Council have any questions? 20 MR. SCOTT: Mr. MacLachlan? 21 MR. MACLACHLAN: I have no 22 questions. MR. SCOTT: Mr. Ziskrout? CROSS-EXAMINATION BY MR. ZISKROUT: 25 Yes, Mr. Goulet, Harris said that the number one problem or at least

A Well, it depends what she means in lack of direction. In what area?

Department of Recreation. Can you comment on that?

the first list of problems; lack of direction for the



Goulet, Harris Cross-Exam by Ziskrout

į	Q Well, Mrs. Harris, what		
	do you mean by that?		
5	WITNESS HARRIS: Well, Mr.		
4	Goulet and I have had a talk today which has clarified		
5	some of the situations. One of it was in lack of		
6	direction. We have had various members of Mr. Goulet'		
7	staff in our community and one person has said one		
3	thing and another person has said another thing and		
9	after discussing the situation with Mr. Goulet, t		
10	think we have both a much better understanding of what		
11	the problem was and why it had been created.		
12	Q I take it you're saying		
13	that's solved now?		
14	A I believe so, yes.		
15	Between Mr. Goulet and I, it certainly has been.		
16	Ω Mr. Goulet, what's		
17	your input into the proposed Yellowknife recreation		
18	center?		
19	WITNESS GOULET: We've had		
20	really no input into it. We've attended public		
21	meetings just as a citizen or resident of Yellowknife		
22	but we've had no input into the complex plans or		
23	funding.		
24	Q Is it your intention to		
25	have any input into it?		
26	A Not unless we're		
27	requested. If a request comes from City Council, we		

Q Well, perhaps as a private citizen, I was wondering if you could comment

will assist.



Goulet, Harris Cross-Exam by Ziskrout Cross-Exam by Bayly

on--or do you feel that this proposed recreation center is responsive to the needs of the native community with particular regard, let's say, for instance, to such things as the pistol range?

A You mean, does this complex, the present recreation complex, would meet the needs of the natives within Yellowknife?

Q Yes.

Well, in the past, I've found that this always becomes a question whether the natives or both cultures participate, but my experience from having been Chairman of the Arctic Winter Games, Canada's Summer Games, Canada Winter Games, organized the N. W. T. across the North, that it's surprising that in say 1,200 athletes participating or 1,500 in trials, that you would have up to 60%, maybe 65% native people that are participating in various sports and this is from various other communities but within Yellowknife here, I feel it meet the needs. There's many natives that participate in various if you want to call them Olympic sports or southern sports, whatever terminology. I would feel that it would meet the needs.

Q Thank you.

MR. SCOTT: Mr. Bayly?

CROSS-EXAMINATION BY MR. BAYLY:

MR. BAYLY: Just following up on Mr. Ziskrout's question because I can't resist, Mr. Goulet. It would involve, I take it, introducing some athletic activities for which native people don't

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A Yes. First the developing,

when the Arctic Winter Games came about in 1970, it was

-	have any present experience, such as perhaps pistol				
4.4	shooting and handball.				
3 +	A What makes you say that				
4	they don't have any experience?				
· ,	Q It doesn't seem to be				
(something for which there are other facilities that				
7	I've seen in the Northwest Territories. Perhaps you				
8	can correct me.				
9	A Well, the only pistol				
10	or shooting ranges are in Hay River, Yellowknife,				
11	Frobisher Bay. Inuvik has a range and there's a				
12	number of native people participating; maybe not in				
13	the pistol but in the rifle.				
14	Q Yes, I can understand				
15	that. What about things like handball?				
16	A Well, handball wouldn't-				
17	at present, wouldn't meet the needs of both segments				
18	of the population in Yellowknife or in the Territories				
19	Q But it is a new thing?				
20	A Yes, it is new.				
21	Q On the subjects raised				
22	in your paper, you say at page one that it's ironic				
23	thatbut perhaps indicative of the newly formed				
24	Northern Games Association in Inuvik that prompted				
25	these activities to be included as a demonstration				
26	in the Arctic Winter Games. I just don't understand				
27	what you mean by the irony of that situation. Perhaps				
28	vou could explain.				

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a vehicle, not only for the development towards the
Northern Games but especially create awareness of the
need that is required to set up the Recreation
Division to provide the services to local communities
and from these Arctic Winter Games where the native
people were approached, various native organizations
put on a demonstration of various cultures, various
native sports at these games, and from this here an
organization was formed and this is the way the
Northern Games came about and then a study of various
Arctic sports was done and various sports were
selected and they're called—we have the terminology
of Arctic sports which is the one foot high kick,
two foot high kick.

This is the way it came about. It was because of the Arctic Winter Games.

Q So, if it hadn't been for the Arctic Winter Games, there'd be no Northern Games Association, is what you're saying here?

A Well, there's a possibility I would say they wouldn't be but there would be maybe a possibility.

Q I take it in paragraph two of page two that you feel that the per capita amount of three dollars plus the fifteen dollars per capita transferred to communities has been inadequate to create the programs and facilities required in some communities. Is that correct?

A Yes.

Q Have you canvassed what



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communities and not just the larger ones but the smaller ones in the Mackenzie Valley to meet the recreational needs during and after pipeline construction so that you could give us a figure of what amount, either per capita or per community, would be required to bring facilities to the level you'd like to see. Facilities and programs. I'm sorry.

A I wouldn't say the

you would feel would be the needs in the various

needs after the pipeline is completed. The needs are required now. We must meet the needs now. They'r there and the amount of money that would be required is a massive amount. We're working on papers now and hoping to be able to implement programs to provide assistance to communities in various phases of their operation or their recreation programs.

Q Is it realistic to expect the money for those programs and those facilities to come out of present government revenues or are we really going to have to look for another source of revenue to do what you think has to be done in the valley?

A I would say a percentage would come out of government's revenues and a percentage would come out of other types of revenues, sources of revenues.

Q The trend, as I understand it, in the Northwest Territories has been to keep the budget fairly tight for the last couple of fiscal years. If that's the trend I anticipate, you couldn't



expect a great deal more and not certainly enough to do what you'd like to do.

A Well, as in any government or any business, there's priorities established; municipal services, health, et cetera. Our recreation is not one of the top priorities and when the pie is cut, whatever is left for us, we have to do the best.

O Would you recommend to communities, other than Yellowknife, to follow the example of Yellowknife in trying to raise in the community and through lotteries or whatever the money required to build and maintain the facilities that the community wants. That's the route, I understand, that Yellowknife has taken with this recreational complex.

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A The key to a successful

program in a community in any community, it's the

developed program that meets the needs of the people in that community. It's not what to do, what Yellow-

knife is doing or what Edmonton is doing, or Frobisher

Bay; it's what is needed in that community and what

is needed facility-wise in that community.

You misunderstand my question, Mr. Goulet. I'm not talking about what is needed, and I appreciate that each community should decide for itself what it needs. But as I understand your answers to the questions on funding, there just isn't enough money now, nor is there likely to be. Does it make sense for local communities to accept as part of the local initiative and responsibility referred to on page 3 some of the responsibility for raising their own funds for these programs.

Well, depending on the A community where they're situated, but if you're looking at a large amount of money that they must raise, as their share towards any project, I would have to say that they'd have to take a better look at it before they --

You see, you've said

at page 5 as well that,

"The most critical resource is time," and I'm assuming that if budgets are going to allocate you a proportional share of the pie similar to what you've received in the past couple of years, you're not going to be able to build some of the things

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you'd like to see in place or establish some of the programs that the communities desire prior to construction unlesssanother source of funds is located.

Would you agree with me there?

A That's right.

Q And I take it, too,

when you say that,

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"The most critical resource is time,"
that the planning, allocation of resources, and raising
of funds would have to begin pretty well immediately
to get programs and facilities in place prior to
construction on the schedule of construction.

A Well, when I come into the time factor for leadership development within the community, without that leadership there is just no basis.

Q And your presentation on behalf of Fort Simpson, I take it, is that that leadership is very difficult to find in the community because some of the people disappear so quickly that they can't be replaced and some of the people who have been there a long time for reasons that you haven't been able to give us entirely aren't participating.

WITNESS HARRIS: That's

right. Quite often when there has been a lot of when community involvement,/that particular person leaves that program falls down too, and there's no one to pick it up again.



is required, Mr. Goulet, in terms of lead time to develop that reservoir of leadership and to put into effect the programs and to begin the facility? 4 WITNESS GOULET: Well, there's two steps to the leadership development program. First 6 in the Northwest Territories we must develop people within that community or people within the Northwest Territories to assume these positions. The second 0 step would be to have some type of program assistance 10 to hire these people, open up the field for employment 11 of these people once they stage, so you would be looking at let's say a program was implemented in '77, you 13 would start to see the benefits from the program maybe 14 178. 179. 15 So we might be well into 16 construction of the Mackenzie Valley Pipeline before 17 : that program began to show effect. 18 In some communities, in some areas we would not; in others there's a possi-20 bility we will. 21 And that's based on the premise that you had the resources available and could 22

approach and hire and train people in the year 1977.

A Yes, we would be -- this

would be based on this, '77-78.

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Q Now, in order to get
the programs going the government participated in,
I take it if it required the allocation of resources
that aren't allocated for this fiscal year, you couldn't
even start that until April of '77.



Goulet, Harris C ross-Exam by Bayly Cross-Exam by Scott

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A Well, there's a

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possibility we may be entering in a portion into this type of program, in this upcoming fiscal year.

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Q So you have some plans afoot for some communities to start that during this fiscal year.

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A Yes.

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MR. BAYLY: Those are all the

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questions I have. Thank you very much.

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CROSS-EXAMINATION BY MR. SCOTT:

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Q Mr. Goulet, if you

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left aside -- if you left out Yellowknife, Hay River
and Inuvik, in the Mackenzie Valley, I take it it's

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clear that Fort Simpson has better facilities than

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any other community. They may be rundown, but they've

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got more facilities than any other community in the

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A For the size of the

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community they have adequate facilities.

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Q Yes, but wouldn't it be from

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fair to say, we've heard/Mrs. Harris of what bad

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shape they're in, but in terms of the facilities they
have they're better off than any other community excep

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A In that area, the

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facilities that they have are adequate, but just

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speaking on for instance the arena, the present arena does not serve the purpose for a community

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recreation program.

the three biggies.

project area.



Goulet, Harris Cross-Exam by Scott

!	Q Well, take Norman						
	Wells, it's about of comparable size, isn't it?						
3	A No, no.						
4	THE COMMISSIONER: Say Fort						
5	McPherson, that's probably as close in size as any						
6	other place.						
7	MR. SCOTT: Q Which has						
8	more, Fort McPherson or Fort Simpson?						
9	A Fort Simpson.						
10	Q By far, hasn't it?						
11	What is there at Fort McPherson?						
12	A You mean the Community						
13	Hall?						
14	Q Whatever it is.						
15	A Plus the school gymnasium.						
16	Q So wouldn't you agree						
17	that even for its size, Fort Simpson has more facilities						
18	to leave aside whether they're rundown or not, but						
19	has more facilities than any other town?						
20	A Yes.						
21	Q All right. Well now,						
22	Mrs. Harris, you've listed here some five or six						
23	facilities, and I'll stop where you come to lounges and						
24	theatres; is it true that all of those were built						
25	by the Territorial or Federal Government, or/some of						
26	them built with local funds?						
27	WITNESS HARRIS: I'm not sure						
28	about the curling rink, but the Community Hall was						
29	built with a grant from the Territorial Government by						
30	the Community Club, and then turned over to the						



	Cross-Exam by Scott
	village about 1972.
2	Q Did the village make
3	a contribution to that?
4	A I'm not certain. When I
5	was checking for reference with the village office
6	they had very poor records prior to 1973.
7	Q How about the other
3	facilities? The track and field, the baseball diamond
3	playground.
.0	A The arena was built
1	by the Catholic Church for the hostel, and it was
2	turned over to the government or bought by the govern
. 3	ment about 1965. So actually it was not built by
4	the government for Fort Simpson, it was built by the
. 5	Catholic Church. I'm not certain why Fort Simpson
.6	had a track and field track.
7	WITNESS GOULET: I wouldn't
. 8	be
	THE COMMISSIONER: Montreal
20	has an Olympic Stadium.
1	WITNESS HARRIS: I'm not
2	certain where funding came from the track but you
3	know, how it started.
4 1	
2.5	pursue that. Why does Fort Simpson have a track
6	and field area apart from being able to say it's the
27	only one in the Northwest Territories?
3	A I presume that in the

early '60s that a lot of children were brought down

to Fort Simpson from other communities in the higher



Goulet, Harris C ross-Emam by Scott

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2	north for schooling, there were two hostels, Le Ponte					
3	Hall and Bompus Hall, and probably it was to					
4	facilitate the children.					
5	Q O.K., now who maintains					
6	all these facilities?					
7	A That's an embarrassing					
8	question. They have not been properly maintained until					
3	last year.					
10	Q I assume, though					
11	A But the village is					
12	supposed to maintain them, the arena because it's					
13	Q That includes heating					
14	and repairs and everything else.					
1,	A That's right.					
16	Q And it's the village that					
17.	gets the grant from the Territorial Government.					
. 3	A That's right.					
10.	Q And Mr. Goulet, is the					
z).	maintenance in the \$5. per capita, is that where					
!	they have to get it?					
2	WITNESS GOULET: Yes.					
. , ;	Q So Fort Simpson would					
·†	get, let me work it out, about \$5,400 a year and it's					
2.	got to maintain all these facilities and it's got					
.**	to develop whatever programs it can and if it wants					
	one it's got to pay its own recreation director.					
	A Yes.					
	Q And that's the biggest					

pie you've got for them.



Goulet,	Har	ris	
Cross-E	xam	by	Scott

A Yes, that's it.

THE COMMISSIONER: And it

costs \$1,000 a year to run that Community Hall?

WITNESS HARRIS: \$1,000 a

month, to maintain the Community Hall. It was only used 60 hours last year.

MR. SCOTT: Q So in truth if they're worse off than any other community because/the community doesn't have the facilities it doesn't have to spend the money. That's not really a question.

MR. SIGLER: We'll accept that

in evidence, though.

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MR. SCOTT: Those are all the questions I have tonight.

THE COMMISSIONER: Well, thank you very much, Mr. Goulet and Mrs. Harris, it's been an interesting discussion and we appreciate your coming and giving us the benefit of your views, and I hope we're finishing in time for you to get your plane without having to make a mad dash for the airport. So thank you.

(WITNESSES ASIDE)

MR. SIGLER: Those are all the witnesses we'll lead today, sir, for the Association. We'll have more tomorrow.

THE COMMISSIONER: Well, we'll stretch our legs for a minute and then we'll reassemble and hear the completion of the evidence of your panel.

MR. BAYLY: Right, sir.

(EVIDENCE OF MRS. L. HARRIS MARKED EXHIBIT 799)

(PROCEEDINGS ADJOURNED FOR A FEW MINUTES)

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September 22, 1976 Yellowknife

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